United Nations

United Nations Development Programme

Financial report and audited financial statements

for the biennium ended 31 December 2005 and

Report of the Board of Auditors

General Assembly
Official Records
Sixty-first Session
Supplement No. 5A (A/61/5/Add.1)

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Note

Symbols of United Nations documents are composed of capital letters combined with figures. Mention of such a symbol indicates a reference to a United Nations document.

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28 April 2006

Pursuant to financial regulation 26.01, we have the honour to submit the financial statements of the United Nations Development Programme (UNDP) for the biennium ended 31 December 2005, which we hereby approve.

Copies of these financial statements are also being transmitted to the Advisory Committee on Administrative and Budgetary Questions.

We, the undersigned, acknowledge that:

The management is responsible for the integrity and objectivity of the financial information included in these financial statements.

The financial statements have been prepared in accordance with the United Nations system accounting standards and include certain amounts that are based on the management's best estimates and judgements.

Accounting procedures and related systems of internal control provide reasonable assurance that assets are safeguarded, that the books and records properly reflect all transactions and that, overall, policies and procedures are implemented with an appropriate segregation of duties. UNDP internal auditors continually review the accounting and control systems. Further improvements are being implemented in specific areas.

The management provided the United Nations Board of Auditors and UNDP internal auditors with full and free access to all accounting and financial records.

The recommendations of the United Nations Board of Auditors and UNDP internal auditors are reviewed by the management. Control procedures have been revised or are in the process of being revised, as appropriate, in response to those recommendations.

We each certify that, to the best of our knowledge, information and belief, all material transactions have been properly charged in the accounting records and are properly reflected in the appended financial statements.

(*Signed*) Kemal **Dervis**
Administrator

(*Signed*) Jocelline **Bazile-Finley**
Officer-in-Charge
Bureau of Management

The Chairman of the Board of Auditors
United Nations
New York

28 July 2006

I have the honour to transmit to you the report of the Board of Auditors on the financial statements of the United Nations Development Programme for the biennium ended 31 December 2005.

(*Signed*) Guillermo **Carague**
Chairman, Philippine Commission on Audit
and Chairman
United Nations Board of Auditors

The President of the General Assembly of the United Nations

Chapter I

Financial report for the biennium ended 31 December 2005

1. The Administrator has the honour to submit his financial report together with the audited financial statements of the United Nations Development Programme (UNDP) for the biennium ended 31 December 2005 and the report of the Board of Auditors. This submission is made in conformity with the Financial Regulations of the United Nations Development Programme. The financial statements consist of statements and schedules, accompanied by notes, which are an integral part of the financial statements, and include all trust funds established by the Administrator as well as all funds established by the General Assembly and administered by UNDP.

2. The UNDP financial statements incorporate expenditure data obtained from the executing agents. As far as possible, the data are obtained from the agents' audited statements or, when such statements are not available at the time of the year-end closing of the UNDP accounting records, either from the agents' statements as submitted for audit or from the agents' unaudited statements.

3. As at the date of preparation of the present financial statements, statements as submitted for audit or unaudited statements were provided by the following executing agents:

Asian Development Bank

Department of Economic and Social Affairs of the United Nations Secretariat

Economic Commission for Africa

Economic Commission for Europe

Economic Commission for Latin America and the Caribbean

Economic and Social Commission for Asia and the Pacific

Economic and Social Commission for Western Asia

Food and Agriculture Organization of the United Nations

International Atomic Energy Agency

International Bank for Reconstruction and Development

International Civil Aviation Organization

International Finance Corporation

International Labour Organization

International Maritime Organization

International Monetary Fund

International Telecommunication Union

International Trade Centre UNCTAD/WTO

United Nations Centre for Human Settlements (UN-Habitat)

United Nations Conference on Trade and Development

United Nations Educational, Scientific and Cultural Organization

United Nations Industrial Development Organization

United Nations Institute for Training and Research

Universal Postal Union

World Health Organization

World Intellectual Property Organization

World Meteorological Organization

World Tourism Organization

Changes in accounting practices and policies in the biennium

Accounting policies

4. A summary of significant accounting policies applied in the preparation of the financial statements is provided in note 2 to the financial statements. Overall policies are the same as those applied in the financial statements of 31 December 2003. Changes in accounting policies, if any, are disclosed appropriately in note 2.

Presentation of accounts

5. The presentation of the UNDP financial statements follows the recommendation by the Administrative Committee on Coordination, now the United Nations System Chief Executives Board for Coordination, on the common interorganizational accounting standards and harmonized presentation of financial statements.

6. In addition, in accordance with the Executive Board's decision 97/6, in which it harmonized the budget presentation for UNDP, the United Nations Children's Fund (UNICEF) and the United Nations Population Fund (UNFPA), the presentation format distinguishes UNDP regular resources from its other resources (cost-sharing, government cash counterpart contributions, trust funds established by UNDP, reimbursable support services activities and other miscellaneous activities) and from the activities of the funds established by the General Assembly and administered by UNDP (the United Nations Capital Development Fund (UNCDF) and the United Nations Development Fund for Women (UNIFEM)).

7. In the biennium 2004-2005, UNDP mobilized contributions of $8.9 billion overall, of which 19.7 per cent related to regular resources activities, 47.2 per cent to cost-sharing, 26.6 per cent to trust funds, 4.9 per cent to reimbursable support services and miscellaneous activities and 1.6 per cent to UNDP-administered funds established by the General Assembly.

8. Total expenditure amounted to $7.9 billion, out of which 83.8 per cent ($6.7 billion) was spent in programme/project activities and support costs paid to other United Nations agents, 13.9 per cent ($1.1 billion) for the biennial support budget, 1.1 per cent ($83.5 million) for expenditure legislated through programming arrangements and the remaining 1.3 per cent ($99.7 million) on miscellaneous costs. Miscellaneous costs include a $54 million provision for after-service health insurance, which is explained further in note 17 (c) to the financial statements. Included in expenditure is the cost of preparing and implementing the new

enterprise resource planning system, $42.1 million, and the cost of subsequent Wave II enhancements, $3.0 million. (For the biennium 2002-2003 the cost was $23.8 million.) The new enterprise resource planning system, referred to as Atlas, was implemented effective 1 January 2004.

9. Income and expenditure for the biennium are summarized in figure I.1 and table I.1.

Figure I.1

Summary of income and expenditure for the biennium ended 31 December 2005

(In millions of United States dollars)

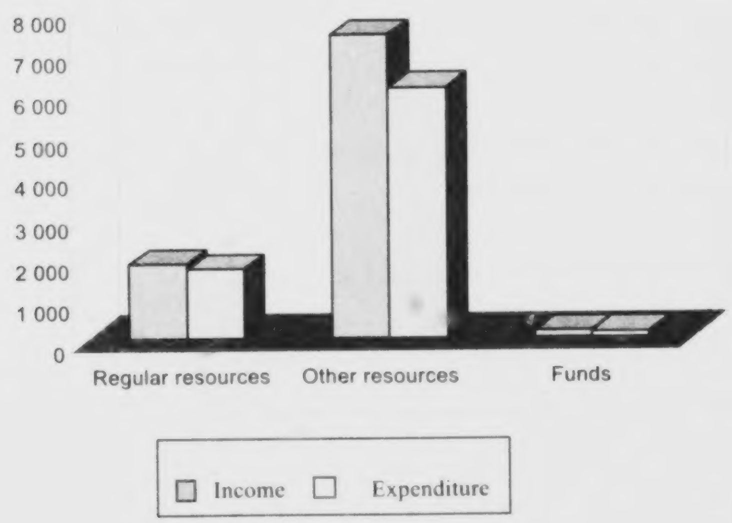


Table I.1

Combined income and expenditure for the biennium ended 31 December 2005

(In millions of United States dollars)

	Regular resources		Other resources[a]		Funds[b]		Total[c]	
	2005	2003	2005	2003	2005	2003	2005	2003
Income								
Contributions net	1 747.9	1 425.6	6 979.4	4 532.2	146.0	132.0	8 873.3	6 089.8
Interest income	27.2	34.1	115.8	59.3	4.5	2.7	147.5	96.1
Other income	44.1	57.1	284.6	219.8	10.9	6.8	339.6	283.7
Total income	**1 819.2**	**1 516.8**	**7 379.8**	**4 811.3**	**161.3**	**141.5**	**9 360.4**	**6 469.6**
Expenditure								
Programme (including programme support, implementing agents)	959.2	754.7	5 581.6	4 016.1	115.7	102.1	6 656.5	4 872.8
Biennial support budget	566.8	496.4	502.3	368.6	29.9	29.8	1 099.0	894.8
Support to resident coordinator	27.9	12.3	17.2	17.3			45.1	29.6
Development support services	9.4	7.8	7.6				17.0	7.8
UNDP Economist Programme	21.5	8.1					21.5	8.1
Other expenditure	99.6	131.9		4.3	0.2	0.1	99.8	136.3
Total expenditure	**1 684.4**	**1 411.2**	**6 108.6**	**4 406.3**	**145.8**	**131.9**	**7 938.9**	**5 949.4**
Excess (shortfall) of income over expenditure	134.8	105.6	1 271.2	405.0	15.5	9.6	1 421.5	520.2
Net excess (shortfall) of income over expenditure	134.8	105.6	1 271.2	405.0	15.5	9.6	1 421.5	520.2
Unexpended resources								
Opening balance	153.8	45.3	1 892.4	1 541.1	68.2	45.2	2 114.4	1 631.6
Transfers, refunds and savings	-51.1	2.9	-49.2	-53.7	-.3	13.4	-100.6	-37.4
Closing balance	**237.5**	**153.8**	**3 114.3**	**1 892.4**	**83.5**	**68.2**	**3 435.3**	**2 114.4**

[a] For proper comparison, 2002-2003 figures have been restated to reflect UNV's move from Funds to Other resources.

[b] 2002-2003 figures do not include two funds (Revolving and United Nations Fund for Science, Technology and Development) that were closed on 31 December 2003.

[c] Aggregate totals only. Not consolidated.

Regular resources

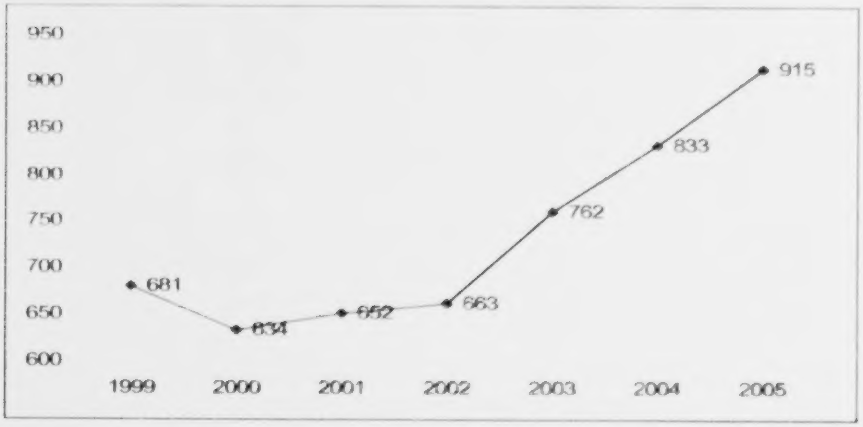
Income

10. Voluntary contributions increased by 22.6 per cent ($325.4 million) in comparison to the previous biennium.

11. The average rate of return on investments was around 2.6 per cent (1.5 per cent in 2002-2003). Other income comprised mainly exchange gains and losses.

Figure I.2

Contributions for regular resources activities as at 31 December

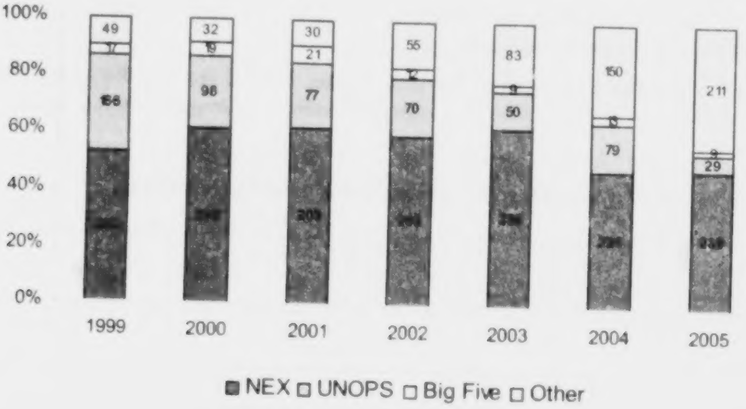


Expenditure

12. Programme expenditure increased by $204 million from $755 million in 2002-2003 to $959 million in 2004-2005. National execution remained the leading modality for project execution, in keeping with UNDP policy. In 2004-2005, recipient countries executed $465 million or 49 per cent of programme expenditure for regular resources, compared to $438.0 million or 61.0 per cent of programme expenditure for regular resources in 2002-2003.

Figure I.3

Expenditure by execution modality for the 12 months ended 31 December



Abbreviations: NEX, nationally executed expenditure; UNOPS, United Nations Office for Project Services; Big Five, United Nations Secretariat, the United Nations Industrial Development Organization, the Food and Agriculture Organization of the United Nations, the United Nations Educational, Scientific and Cultural Organization and the International Labour Organization.

13. The United Nations system's share of programme expenditure, including support costs, increased significantly from $159.3 million in 2002-2003 to $383.8 million in 2004-2005.

14. Gross biennial support budget expenditure for 2004-2005 was $623 million, representing a $72 million increase in expenditure compared to the $551 million in 2002-2003. The net 2004-2005 biennial support budget expenditure was $567 million, $8 million below the approved 2004-2005 net budget, which represents overall savings of 1.4 per cent. By appropriation group, 58 per cent was spent on programme support activities (59 per cent in 2002-2003), 20 per cent on management and administration (21 per cent in 2002-2003) and 22 per cent on support to operational activities of the United Nations system (20 per cent in 2002-2003). In total, 63 per cent of expenditures were related to country offices and the remaining 37 per cent were attributable to headquarters locations, including the United Nations Volunteers (UNV) and the Inter-Agency Procurement Services Office (IAPSO).

Unexpended resources

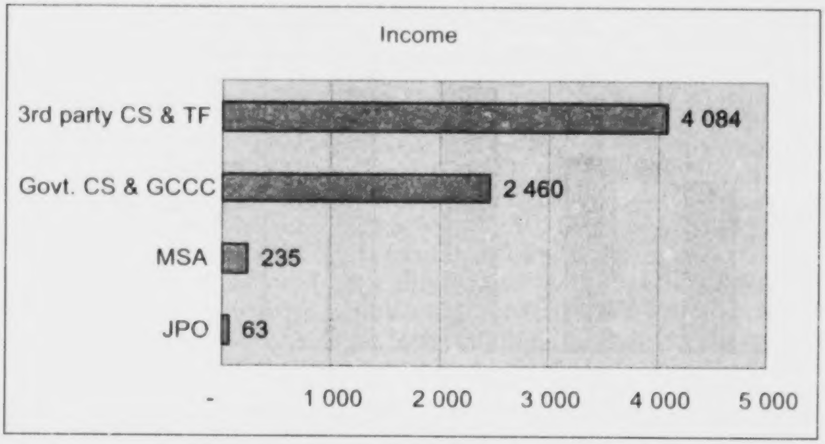
15. There was a significant increase in unexpended regular resources, to $237.5 million as at 31 December 2005, about 3.5 months of total expenditure. This compares to $153.8 million, about 2.6 months of expenditure, in the previous biennium. Of the $241.8 million of unexpended resources, $2.2 million is set aside for funding of security measures.

Other resources activities

Figure I.4

Income for other resources activities for the biennium ended 31 December 2005

(In millions of United States dollars)



Abbreviations: CS, cost-sharing; TF, trust fund; GCCC, government cash counterpart contributions; MSA, management service agreements; JPO, Junior Professional Officers.

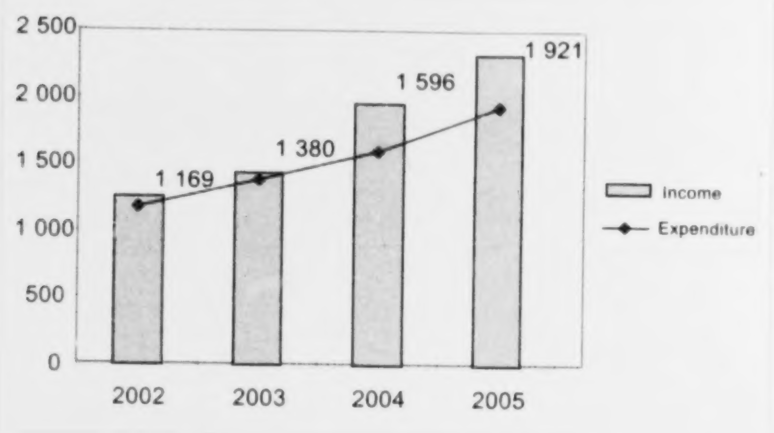
16. Other resources income overall increased by $2,568 million or 53.3 per cent. Trust fund income increased by $921.2 million (62.3 per cent). Cost-sharing contributions increased by $1,564 million (58.3 per cent).

Cost-sharing

17. The cost-sharing funding modality remained the largest funding modality for UNDP. Of the total $4.18 billion received in 2004-2005, $1.72 billion was attributable to third-party cost-sharing ($119 million in 2002-2003) and $2.46 billion to recipient Governments ($2.53 billion in 2002-2003).

18. Programme expenditure and support costs paid to implementing and executing agents in 2004-2005 increased by $1.05 billion to $3.52 billion ($2.47 billion in 2002-2003).

Figure I.5
Summary of cost-sharing income and expenditure for the 12 months ended 31 December
(In millions of United States dollars)



Programme expenditure monitoring

19. As indicated in note 2 (d) to the financial statements, where UNDP transfers cash to executing agencies, the transfer is recorded as an advance and the programme expenditure is recorded upon receipt of certified expenditure reports (PDRs and financial reports) prepared by executing agencies.

20. UNDP monitors this expenditure to assess whether it was spent in compliance with the project documents and annual workplans. Monitoring activities include field visits, comparisons of expenditure reports with narrative reports and annual workplans, monitoring of progress towards outputs/outcomes, and annual audits. UNDP also monitors the outstanding balance of funds advanced to Governments and non-governmental organizations to ensure that financial reports are received on a timely basis.

21. Where UNDP monitoring activities reveal concerns, UNDP may choose to: intensify its monitoring; change to a different implementation modality; suspend project activities; and, in some cases, request refund of the misspent funds.

22. With respect to expenditure implemented by Governments and NGOs, one of the key monitoring activities is the annual nationally executed expenditure/non-governmental organization audit exercise coordinated by the UNDP Office of Audit and Performance Review. In the context of using risk management as a methodology for strengthening the quality control of oversight over nationally executed expenditure/non-governmental organization projects, OAPR introduced in 2005 a new evaluation strategy by expanding the scope, review and analysis of audit reports; this will contribute towards the envisaged risk-based model.

23. The review, analysis and quality control is a work in progress and the model should be continuously reviewed for further improvement as a tool for obtaining

assurance on the efficient and effective use of resources in NGO/NEX projects. The results of this exercise at this point are more indicative than conclusive. Under the new evaluation strategy, three dimensions were assessed (a) the outcome of the audit, (b) the adequacy of the audit scope and (c) the effective administration of the audit exercise, with each dimension being rated either satisfactory, partially satisfactory, or deficient.

24. The review by UNDP of the results of the 2004 audit exercise indicated that project auditors expressed concern regarding expenditure totalling $156.5 million. Of this total, $33.5 million was identified as having financial impact. A thorough review of the 2005 audit exercise is under way.

25. While most audit reports submitted by the country offices included an unqualified audit opinion, for 17 offices every audit report was qualified. UNDP is following up with these offices to further analyse the auditors' comments and determine appropriate next steps. Action plans have been submitted by 13 of the offices and indicate that, in the great majority of cases, action has been taken or initiated to address the outcome of the project audits. As at the end of June 2006, action plans from the remaining four offices are pending. For all 17 offices, UNDP will assess the adequacy of the action plans and, where appropriate, will consider changing the implementation modality.

26. Going forward in accordance with the harmonized approach to cash transfer modalities, UNDP will use the NEX audit reports to develop risk profiles so that it can better adapt its implementation modalities and monitoring methods to the assessed risks. This way, UNDP will focus its efforts on those areas deemed to be of high risk.

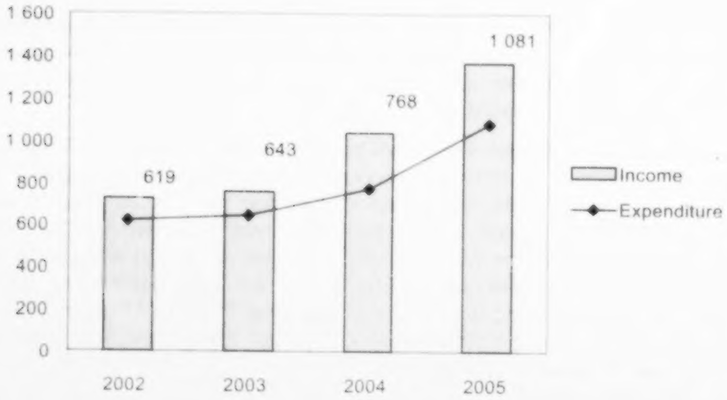
27. For further details on the results of the NEX/NGO audit exercise please refer to the annual report on internal audit and oversight, which was submitted to the Executive Board at its annual session in June 2006.

Trust Funds established by the United Nations Development Programme

28. The detailed financial results of the trust funds are provided in schedules 5 to 5.2. A total of 177 trust funds and five sub-trust funds were established during the biennium 2004-2005. Twenty-four trust funds and eight sub-trust funds were closed during the biennium. As at 31 December 2005, there was a total of 468 trust funds (315 as at 31 December 2003) and 255 sub-trust funds (258 as at 31 December 2003).

29. Under trust funds dealing with the environment, in 2004-2005 the Global Environment Facility (GEF), the Montreal Protocol, Capacity 21 and the Office to Combat Desertification and Drought received $511 million — 21.6 per cent of total trust fund contributions. GEF alone received $418 million. Countries and territories in post-conflict circumstances, such as Iraq, Afghanistan, Rwanda, Angola and Palestine, were also an important sector for trust fund activities. The Support to Iraq Reconstruction Trust Fund received $245 million during 2004-2005.

Figure I.6
Summary of trust fund income and expenditure for the 12 months ended 31 December
(In millions of United States dollars)



Trust Fund to Combat Desertification and Drought

30. The UNDP Office to Combat Desertification and Drought provides technical and financial support to several countries worldwide for the development of national action programmes for the implementation of the United Nations Convention to Combat Desertification. Support is provided for the development of subregional action programmes in Africa and in Latin America and the Caribbean and for partnership and capacity-building to mobilize resources in Africa. Technical, strategic policy and capacity-building support is provided for the mainstreaming and integration of drylands issues into national development planning and other macroeconomic frameworks and for building and broadening the knowledge base on drylands issues.

31. The drylands form a critical component of the fight against poverty and hunger. They cover 40 per cent of the world's land surface and are home to half of the world's poor. In early 2002, UNDP established the Drylands Development Centre in Nairobi. The Centre is one of the three Bureau for Development Policy thematic centres around the world. The new Centre incorporates the Office to Combat Desertification and Drought as part of the Bureau's decentralized network of policy advisers. In line with the overall management changes within UNDP, the Drylands Development Centre now provides policy advice and programme support to countries through UNDP country offices.

32. UNDP recognizes that rural development and poverty alleviation in the rural drylands requires action on several fronts: legislation, capacity-strengthening, water management, gender issues, health provision, education and many others. There is a real challenge to ensure that policy and legislation favour people in the drylands and help to end their social and economic exclusion. At the same time, action is needed

on the ground to help farmers and pastoralists increase their production of crops and livestock and begin to climb out of poverty.

33. The Drylands Development Centre is currently hosting an electronic forum on how progress can be made towards achieving the Millennium Development Goals. The forum builds on a challenge paper prepared by the Drylands Development Centre.

34. The Drylands Development Centre depends for its operating expenses on voluntary contributions. It is important to mention that the Centre only received $17,000 in voluntary contributions in 2004-2005. While total programme expenditure decreased from $5.1 million in 2002-2003 to $1.5 million in 2004-2005, unexpended resources increased by 19 per cent from $3.6 million to $4.3 million.

Trust Fund for the Global Environment Facility

35. Four formal meetings of the GEF Council were held, in the spring and fall, in the biennium 2004-2005, during which the GEF corporate business plans and GEF corporate budgets, as well as the individual work programme allocation targets and associated implementing agency fees for UNDP/GEF, were reviewed and approved by the Council for the fiscal years 2005 and 2006. In addition, four informal intersessional Council meetings were held, in the summer and winter, for the approval of work programme allocations and implementing fees only. The GEF secretariat and UNDP/GEF also conducted a separate project implementation review exercise in 2004 and 2005 with respect to all GEF-funded full- and medium-sized projects that were under implementation.

36. During the 2004-2005 biennium, GEF's approved work programmes, corporate budgets and implementing agency fees totalled $421.6 million, 6.5 per cent more than the 2002-2003 work programme ($395.8 million). Total programme expenditure amounted to $335.5 million in 2004-2005 compared to $252.7 million in 2002-2003 (an increase of 32.8 per cent).

37. Income from replenishments received from the GEF trustee of the World Bank in 2004-2005 amounted to $407 million ($376 million in 2002-2003). In addition, GEF received $10.8 million in cost-sharing, sub-trust fund and other contributions ($12 million in 2002-2003).

Multilateral Fund for the Implementation of the Montreal Protocol

38. The Multilateral Fund for the Implementation of the Montreal Protocol was established in 1991 with a mandate to implement national programmes to phase out chlorofluorocarbons, halons and other ozone depleting substances. Four implementing agencies have been designated to implement this programme: UNDP, the United Nations Environment Programme, the United Nations Industrial Development Organization and the World Bank.

39. To achieve this objective, UNDP's activities include:

(a) Formulation of national country programmes for the Montreal Protocol;

(b) Data surveys, national and sectoral plans (performance-based, multi-year programme);

(c) Technical training and demonstration projects;

(d) Institutional strengthening/national capacity-building;

(e) Technology transfer investment projects.

40. Contributions received for 2004-2005 amounted to $91 million ($62 million in 2002-2003). Total programme expenditure amounted to $59 million in 2004-2005 ($51 million in 2002-2003).

Capacity 21 Trust Fund

41. After a global evaluation of the pilot phase of Capacity 21 (1992-2003) by a team of independent consultants in 2001, it was recognized that, while Capacity 21 was successful, it did not reach enough countries or communities and needed to be expanded with a broader mandate. After intense consultation within UNDP senior management, Capacity 2015, the successor to Capacity 21, was developed. Capacity 2015 has a wider community-based approach, which is not limited to Agenda 21, but also develops synergies with other capacity-building initiatives, particularly poverty reduction strategies, multilateral environmental agreements and sustainable development strategies. The Capacity 21 Trust Fund will be closed on 31 December 2006 and replaced by the Capacity 2015 Trust Fund.

42. Total programme expenditure declined by 23 per cent to $10.2 million in 2004-2005, compared to $13.2 million in 2002-2003.

UNDP Energy Account

43. Energy Account activities, which are financed from extrabudgetary resources, focus on FINESSE ("financing, energy services for small-scale energy users") which supports policy dialogue, institutional strengthening and regulatory framework and capacity development to provide technically feasible and economically viable renewable energy and energy-efficient services to residential, commercial and industrial energy users. These activities are designed to create the conditions and mechanisms for the credit sector to on-lend capital to small-scale energy users. FINESSE is in line with the UNDP Initiative for Sustainable Energy, which is based on the fact that traditional approaches to energy will make energy a barrier to socio-economic development and are not sustainable. FINESSE activities are currently being implemented in selected countries in Asia, in partnership with the World Bank. Activities in the Southern African Development Community region have been completed and follow-up will soon be initiated in partnership with the African Development Bank. The Energy Account received contributions and other income of $0.65 million in 2004-2005 ($0.8 million in 2002-2003) against total expenditure of $1 million ($1.6 million in 2002-2003).

UNDP Fund for the Programme of Assistance to the Palestinian People

44. The UNDP Fund for the Programme of Assistance to the Palestinian People programming strategy is based on two objectives:

(a) To utilize the Fund's limited core resources in a catalytic manner, so as to launch high-priority, capacity-building programmes that are subsequently sustained and expanded largely through voluntary bilateral donor contributions;

(b) To ensure the sustainability of these capacity-building programmes through the utilization of joint implementation structures, ensuring the long-term viability and local accountability of the Palestinian counterparts.

45. Total contributions received amounted to $120 million in 2004-2005 compared to $59 million in 2002-2003, an increase of 103 per cent. Programme expenditure in 2004-2005 amounted to $110 million ($70 million in 2002-2003) making UNDP one of the largest implementers of donor-funded projects in the Occupied Palestinian Territory. Pursuant to the strategies and initiatives identified in its programme framework, during the biennium the Fund continued its focus on the expansion of its advocacy role in the promotion of sustainable human development themes, including poverty elimination, sustainable livelihoods, gender in development and environmental management, as well as a number of infrastructure activities.

46. During 2004-2005, the Fund continued its activities to enhance governance at the local, municipal and central levels of the Palestinian Authority, taking full advantage of the considerable local expertise available in the area.

UNDP Trust Fund for Rwanda

47. The UNDP Trust Fund for Rwanda was established in April 1995 to enhance programme activities in support of the Government of Rwanda's programme of national reconciliation, reintegration, socio-economic rehabilitation and recovery.

48. In 2004-2005, the UNDP Trust Fund for Rwanda mobilized $0.4 million in contributions, compared to $3 million in 2002-2003. Programme expenditures in 2004-2005 were $0.2 million, compared to $11 million in 2002-2003.

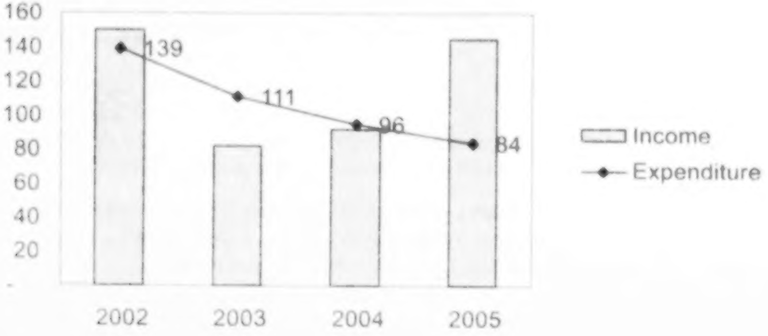
Management service agreements

49. Management service agreements signed by UNDP with various donors (detailed in schedule 6.1) are executed by the United Nations Office for Project Services (UNOPS) on behalf of UNDP. During the biennium 41 new agreements were implemented, 21 agreements were financially completed and 18 were operationally completed. Total income increased by 2.2 per cent in 2004-2005 to $237 million, compared to $232 million in 2002-2003. Total expenditure decreased by 27.9 per cent in 2004-2005 to $180 million, from $249 million in 2002-2003.

Figure I.7

Summary of income and expenditure for management service agreements for the 12 months ended 31 December

(In millions of United States dollars)



United Nations Volunteers

50. For the United Nations Volunteers (UNV) programme the 2004-2005 biennium was again marked by a strong growth in overall programme activities, including the placement of UNV volunteers. Its three main areas of work, namely mobilizing volunteers for development and peace integrating volunteerism into development programming and scaling up global advocacy work, are now fully captured in a results framework which is aligned to the multi-year funding framework of UNDP. At the core of the UNV framework are three areas — access to services and service delivery, inclusion and participation, and community mobilization through voluntary action — in which UNV makes a distinctive contribution to United Nations system-wide efforts towards achieving the Millennium Development Goals.

51. A very important trademark of UNV continues to be the thousands of professionally qualified, experienced and committed women and men of some 170 nationalities who, each year, serve as UNV volunteers in United Nations system supported programmes and projects in over 140 countries. Over the biennium, assignments grew by 45 per cent to reach 8,470 in 2005, while the number of individual volunteers increased by 44 per cent to 8,122.

52. UNV contributions continue to gain strength from the complementarity of international and national volunteers. UNV volunteers serving in their own countries make contributions to national capacity-building and in 2005 their numbers increased to some 3,250, maintaining their overall ratio of around 40 per cent of all UNV volunteers. Seventy-two per cent of international UNV volunteers came from developing countries and served in other developing countries, continuing the strong contribution of UNV to South-South cooperation.

53. Increasingly UNV is being called upon to assist programme countries develop national capacity to mobilize volunteers domestically, including by establishing

national volunteer centres and networks, youth volunteer schemes, university volunteer initiatives, and intra- and inter-country volunteer exchange programmes.

54. The financial magnitude of all UNV activities during the 2004-2005 biennium amounted to $311.2 million, about 42 per cent more than in 2002-2003. Of this, $70 million was covered by contributions made to UNV directly (Special Voluntary Fund, cost-sharing, trust funds, full funding arrangements and direct contributions relating to United Nations peacekeeping activities). The remaining $241.2 million relates to the financial value of volunteer assignments charged directly to the United Nations and to other United Nations agencies, funds and programmes, including UNDP.

55. In the 2004-2005 biennium, income relating to the Special Voluntary Fund, cost-sharing, trust funds, full funding arrangements and United Nations Joint Venture was $61.6 million or an increase of $14.1 million over the previous biennium. Full funding arrangements represent UNV assignments directly funded by donor Governments and United Nations joint ventures represent volunteers participating in United Nations missions.

56. Expenditure in 2004-2005 totalled $70 million, an increase of 11 per cent compared to the previous biennium. At $11.2 million, expenditure under the Special Voluntary Fund remained at approximately the same level as in the previous biennium, taking into account the fact that the 2002-2003 figures of $14.7 million included external costs of $3.3 million.

Junior Professional Officers programme

57. A total of 23 Governments and one intergovernmental organization have valid agreements with UNDP for the provision of junior professional officers. All Member States actively sponsored junior professional officers during 2005, with the exception of Australia and the United Kingdom of Great Britain and Northern Ireland. As at 31 December 2005, UNDP administered 266 junior professional officers and special assistants to resident coordinators, the same number as at 31 December 2003. The number of junior professional officers and special assistants to resident coordinators working with UNDP and affiliated agencies as at 31 December 2005 was 201. Of these, 32 served in New York and other headquarters locations. The numbers of JPOs administered on behalf of UNFPA and UNOPS were 48 and 5 respectively.

58. UNDP received $63 million in contributions for the Junior Professional Officers Programme in the 2004-2005 biennium, compared to $58.6 million in 2002-2003. Total expenditure increased to $57.9 million in 2004-2005 from $54.2 million in 2002-2003.

Reserve for field accommodation

59. With the support of the Executive Board, UNDP continues to move towards the disposal of houses and offices it owns in the field and has established provisions for asset write-downs as deemed necessary.

60. Total income in the 2004-2005 biennium for the reserve for field accommodation, which consists almost entirely of rental income, remained

unchanged at $2.3 million, the same amount received in 2002-2003. The reserve for field accommodation recorded an overall surplus of $1.5 million in 2004-2005, compared to a surplus of $1.2 million in 2002-2003.

Funds established by the General Assembly and administered by the United Nations Development Programme

61. The Funds established by the General Assembly are: the United Nations Capital Development Fund (UNCDF) and the United Nations Development Fund for Women (UNIFEM). Their financial results are detailed in schedules 7 and 7.2.

United Nations Capital Development Fund

62. The overall goal of UNCDF is to help reduce poverty, first and foremost in the least developed countries, and thereby contribute to the achievement of the Millennium Development Goals. In line with Executive Board decision 99/22, UNCDF activities are concentrated in two service lines: local governance and microfinance. Through its programmes, the Fund aims to build up the productive capacity and self-reliance of poor communities by increasing their access to essential local infrastructure and services and by building inclusive financial sectors that serve low-income people.

63. Each year, UNCDF assesses performance in several projects, according to a number of performance criteria. The evaluations take place midway through the project period, at the end of the project and a few years after project completion. The evaluations focus on project design, implementation and impact, and are conducted by independent experts. Goals and objectives are assessed, such as whether the projects incorporated local needs, whether they targeted the poorest in society and whether the project design and implementation addressed the needs of women. Where objectives are not reached, a conscientious review of difficulties and shortcomings is conducted to provide important lessons for future project design.

64. In the 2004-2005 biennium, voluntary contributions decreased by 45.5 per cent, from $49 million to $26.7 million. Programme expenditure in 2004-2005 were $42.7 million, compared to $46 million in 2002-2003. At the end of the 2004-2005 biennium, UNCDF had a regular resources fund balance of $25 million, over and above the $22.6 million operational reserve.

United Nations Development Fund for Women

65. UNIFEM is the women's fund at the United Nations. It provides financial and technical assistance to innovative programmes and strategies in order to foster women's empowerment and gender equality. Placing the advancement of women's human rights at the centre of all of its efforts, UNIFEM focuses its activities on four strategic areas: (1) reducing feminized poverty, (2) ending violence against women, (3) reversing the spread of HIV/AIDS among women and girls, and (4) achieving gender equality in democratic governance in times of peace as well as war.

66. Total contributions for UNIFEM increased by $34.1 million or 50 per cent to $102.8 million in the 2004-2005 biennium, from $68.7 million in 2002-2003. Voluntary contributions increased by $3.4 million, cost-sharing by $29.4 million and sub-trust funds by $1.3 million.

67. Programme expenditure increased by $16.8 million or 30 per cent to $73 million in the 2004-2005 biennium, from $56.2 million in 2002-2003. Regular resources expenditure decreased to $28.9 million in 2004-2005 from $34.6 million in 2002-2003, a decrease of $5.7 million or 16 per cent. Cost-sharing expenditure increased by $17.3 million to $32 million in 2004-2005, from $14.7 million in 2002-2003. Sub-trust fund expenditure increased by $5.2 million or 75 per cent to $12.1 million, from $6.9 million in 2002-2003.

68. Unexpended resources at 31 December 2005 were $46 million, an increase of $20.9 million from $25.1 million on 31 December 2003. The level of the operational reserve was reviewed in accordance with Executive Board decision 97/4 of January 1997 and the reserve was decreased to $7.7 million as at 31 December 2005, down from $8.1 million at 31 December 2003.

Chapter II

Report of the Board of Auditors

Summary

The Board of Auditors has reviewed the operations of the United Nations Development Programme (UNDP) and has audited its financial statements for the biennium ended 31 December 2005. The Board conducted visits to 12 country offices in Brazil, Bulgaria, Cambodia, Ecuador, Egypt, Eritrea, Indonesia, Panama, Peru, the Russian Federation, Rwanda and Yemen in the biennium 2004-2005. The Board also conducted audit work at the Inter-Agency Procurement Services Office and the Global Payroll Unit in Copenhagen and at the United Nations Volunteers Office in Bonn, Germany.

Without qualifying its opinions on the financial statements and in compliance with legislative authority, the Board modified its short-form audit report in chapter III to emphasize its concerns as follows:

(a) Programme expenditure implemented by Governments and non-governmental organizations under the nationally executed expenditure modality and subject to audit amounted to $3.2 billion for the biennium 2004-2005. In respect of the year 2004, project auditors issued disclaimers on opinions ($10.5 million); adverse opinions ($10 million); and qualified opinions ($13 million). The extent of project audit qualifications could not be determined for 2005 as these had yet to be analysed by UNDP as at June 2006. In addition, the effectiveness of internal controls and procedures in respect of nationally executed expenditure could be further improved;

(b) UNDP had a total of 615 bank accounts, 56 managed at headquarters and 536 at country offices, as well as six payroll bank accounts managed by the United Nations Secretariat and 17 bank accounts managed on behalf of other United Nations agencies, with balances totalling $134 million as at 31 December 2005. Although UNDP performed the final December 2005 reconciliation for all bank accounts, monthly reconciliations had not been prepared for headquarters and country office bank accounts during the biennium 2004-2005. This resulted in a key control not being performed during the biennium 2004-2005, which could have resulted in fraud and errors going undetected; and

(c) UNDP had implemented a new enterprise resource planning system in January 2004. Internal control deficiencies existed during the biennium 2004-2005, such as: adequate segregation of duties was lacking; the general ledger module pertaining to bank reconciliations was not activated for most of 2004; and there was no automated reconciliation between the subsidiary ledger and general ledger bank account.

Implementation of previous recommendations

The Board evaluated the ageing of its previous recommendations that had not yet been fully implemented as requested by the Advisory Committee on Administrative and Budgetary Questions (see A/59/736, para. 8 and A/60/387, paras. 12 and 20). The financial period in which such recommendations were first made is indicated in the annex to chapter II. Of a total of 78 recommendations, 48

(61 per cent) had been implemented, while 28 (36 per cent) were under implementation and 2 (3 per cent) had not been implemented. Of the 30 recommendations not yet fully implemented, 19 (63 per cent) relate to the biennium 2002-2003; 8 (27 per cent) to 2000-2001; 2 (7 per cent) to 1998-1999; and 1 (3 per cent) to 1996-1997. The Board's further comments on these specific outstanding recommendations are addressed elsewhere in this report.

Financial overview for the biennium 2004-2005

In the biennium 2004-2005, total income amounted to $9.4 billion, mainly composed of contributions of $8.9 billion (95 per cent). Of the total contributions, $1.7 billion (20 per cent) related to regular resource activities, $4.2 billion (49 per cent) to cost-sharing, $2.4 billion (27 per cent) to trust funds and $0.4 billion (4 per cent) to reimbursable support services and miscellaneous activities.

Total expenditure amounted to $7.9 billion of which $6.7 billion (84 per cent) was spent on programme/project activities and support costs paid to other United Nations agencies, $1.1 billion (14 per cent) for the biennial support budget, $83.6 million (1 per cent) for expenditure legislated through programming arrangements and the remaining $99.7 million (1 per cent) on miscellaneous costs.

The excess of income over expenditure in respect of regular resource activities for the biennium 2004-2005 was $134.9 million, resulting in a fund balance of $237.5 million as at 31 December 2005. The excess of income over expenditure in respect of other resource activities was $1.3 billion resulting in a fund balance of $3.1 billion as at 31 December 2005.

The Board's main findings are as follows.

Bank accounts and cash

Headquarters and country office bank accounts had not been reconciled on a monthly basis during the biennium 2004-2005. Atlas system limitations, including the absence of a general ledger module and the inactivation of the reconciliation functionality prevented an efficient and streamlined bank reconciliation process.

Inter-fund balances

Reconciliations were not consistently performed in respect of inter-fund balances between UNDP and other United Nations agencies, resulting in complex biennium-end reconciliations and numerous reconciling items. The year-end closing involved a complex process whereby amounts relating to the inter-fund balances had to be manually reconciled and adjusted for the purpose of financial statement presentation.

Trust funds in deficit

Trust fund balances as at 31 December 2005 were in deficit to the amount of $37.7 million. The number of trust funds in deficit increased from 22 in the prior biennium to 83 in the biennium 2004-2005.

Enterprise resource planning (Atlas) implementation

Internal control weaknesses previously reported were not sufficiently addressed in the biennium 2004-2005. The most notable weaknesses were inadequate segregation of duties; an inactive general ledger module for much of 2004; and, although there was automated matching of the bank statements with the subsidiary ledgers, the reconciliation of the subsidiary ledgers with the general ledger was a manual process.

UNDP's Global Payroll was not being reconciled with Atlas on a monthly basis throughout the biennium 2004-2005. It was, however, reconciled in May 2006.

The Brazil country office had yet to implement Atlas and was still using SAP. The country office trial balance had not been reconciled with Atlas on a monthly basis throughout the biennium 2004-2005.

Programme expenditure

Programme expenditure amounted to $6.5 billion, of which $2.834 billion was implemented by Governments and non-governmental organizations, $0.229 billion by other United Nations agencies and $1 billion by UNDP itself. A risk-based assessment model had yet to be introduced in respect of the nationally executed programme expenditure audits. Nationally executed project audit reports were not received on a timely basis or were not received at all, which delayed the review and action plan process. Those audit reports, where available, as evaluated by the Office of Audit and Performance Review, noted significant control weaknesses in the financial management of nationally executed projects.

No specific action had been initiated in respect of those country offices that were issued with qualified audit opinions in respect of all nationally executed project audits undertaken in one country.

A large number of country office follow-up action plans remained outstanding in respect of audit evaluations of nationally executed projects.

Inter-agency coordination

The Board reviewed inter-agency coordination during 2005, limiting its coverage to the following aspects: the compilation of the common country assessments and United Nations development assistance frameworks; the resident coordinator system; the joint office initiative; the Inter-Agency Procurement Service Office; and common premises and services. The Board anticipated that it would continue to focus on these and other related issues during future audits, in the context of the development of the study being undertaken by the high-level panel established by the Secretary-General and other initiatives for improved harmonization undertaken by the United Nations Development Group.

For a sample of countries' UNDAFs reviewed, national priorities were not linked or referenced to specific Millennium Development Goals.

As part of the reform of the United Nations, UNDP has introduced country directors to enhance the effectiveness of the resident coordinator system. Performance appraisals of the resident coordinators did not indicate how the assessment results would be filtered into training programmes for areas identified for development during the assessments.

The responsibility for funding, planning, budgeting and reporting still being an agency-specific issue, aggregation to the United Nations level of information on performance and results would either not be possible or would require extensive manual intervention.

The pilot project for a joint office concept had commenced in Cape Verde on 1 January 2006.

There were no clear formalized processes or directives to ensure that country-office inter-agency coordination and cooperation properly extended to procurement. Synergies in this area could lead to significant savings and efficiency.

A challenge to inter-agency collaboration was the limited ability of United Nations agencies to determine fairly their procurement processing costs, whereas the Inter-Agency Procurement Service Office was able to determine its costs by applying an activity-based costing methodology.

There were no data for assessing where United Nations Houses were a feasible option or target dates for establishing such United Nations Houses.

Indian Ocean tsunami relief efforts

UNDP received $158.2 million in respect of Indian Ocean tsunami relief efforts, of which $76.2 million was spent during the biennium 2004-2005. However, expenditure incurred by UNDP in response to the tsunami and as recorded on the Development Assistance Database, Atlas and the electronic tracking system of the Office for the Coordination of Humanitarian Affairs had not been reconciled.

UNDP did not have an emergency preparedness plan to facilitate specific follow-up procedures in complex emergency situations such as the Indian Ocean tsunami of 2004. UNDP had also not established benchmarks for procurement lead times in exigency situations.

The current UNDP fraud prevention strategy did not address the specific circumstances arising during large-scale disasters and emergency efforts.

UNDP did not have a formalized database of recovery and disaster-reduction experts to serve as a tool in identifying staff for urgent deployment in complex disasters such as the Indian Ocean tsunami of 2004.

Procurement and contract management

The Inter-Agency Procurement Service Office had not formalized a strategy to achieve a wider geographical distribution of sources of supply.

UNDP did not have a formal process to monitor the potential splitting of purchase orders.

Procurement plans were not mandatory at UNDP, therefore no basis existed for the Inter-Agency Procurement Service Office to undertake consolidated procurement planning.

Improvements were required in the accuracy and quality of contracts submitted to the Advisory Committee on Procurement in order to ensure timely contract approval.

There was no monitoring of the segregation of duties between the roles of creating and approving purchase orders, or between the roles of creating and approving of vendors in Atlas.

Internal oversight

The previous Management Review and Oversight Committee was replaced by the Audit Advisory Committee.

A comprehensive risk management strategy for UNDP, as previously recommended by the Board, had yet to be developed.

The internal audit coverage of country offices remained low.

The turnaround time for internal audit reports remained excessive in the biennium 2004-2005.

Human resources management

The Board was unable to verify the accuracy of the leave balances owing to several control weaknesses in leave administration.

Treasury management

UNDP was unable to implement successfully a cash position worksheet tool that was embedded in the cash management module of the Atlas system, owing to technical complexities, the basis of accounting by UNDP and the difficulty in projecting the payments incurred by United Nations agencies.

Fraud and presumptive fraud

During the biennium 2004-2005, UNDP reported 25 cases of fraud or presumptive fraud, of which 24 cases involved losses amounting to $1.567 million. An amount of $0.677 million had been recovered by the end of the biennium. UNDP was still in the process of recovering the balance, which related to 18 cases. It indicated a possible loss of $19,007 in one of the matters which had not yet been concluded.

Potential fraud had been detected at the Russian Federation country office and reported to it for further investigation. The Office of Audit and Performance Review performed an investigation and released its report on 6 December 2005. This report concluded that one payment amounting to $190,000 was fraudulent. Additional payments that could be fraudulent were under further investigation. Two former UNDP staff members were implicated in the perpetration of those transactions (the former Assistant Resident Representative for Operations, who resigned on 20 April 2005, and a former Project Administrative Assistant, who resigned on 1 November 2004). These cases were also reported by the Administrator of UNDP to the authorities of the Russian Federation on 15 September 2005 for further action.

Recommendations

A summary of the main recommendations of the Board is set out in paragraph 11 below.

A. Introduction

1. The Board of Auditors has audited the financial statements and reviewed the operations of the United Nations Development Programme for the period from 1 January 2004 to 31 December 2005 in accordance with General Assembly resolutions 74 (I) of 7 December 1946, 47/211 of 23 December 1992 and 49/233 A of 23 December 1994. The audit was conducted in conformity with article VII of the Financial Regulations and Rules of the United Nations and the annex thereto (see ST/SGB/2003/7), the common auditing standards of the Panel of External Auditors of the United Nations, the specialized agencies and the International Atomic Energy Agency, and the International Standards on Auditing. Those standards require that the Board plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement.

2. The audit was conducted primarily to enable the Board to form an opinion as to whether the financial statements of the United Nations Development Programme presented fairly its financial position as at 31 December 2005 and the results of operations and cash flows for the period then ended, in accordance with the United Nations system accounting standards. This included an assessment as to whether the expenditures recorded in the financial statements for the period from 1 January 2004 to 31 December 2005 had been incurred for the purposes approved by the governing bodies and whether income and expenditure had been properly classified and recorded in accordance with the Financial Regulations and Rules. The audit included a general review of financial systems and internal controls and a test examination of accounting records and other supporting evidence to the extent that the Board considered necessary to form an opinion on the financial statements.

3. In addition to the audit of the accounts and financial transactions, the Board carried out reviews under financial regulation 7.5. The reviews primarily focused on the efficiency of financial procedures, the internal financial controls and, in general, the administration and management of UNDP. The audit was carried out at UNDP headquarters and at 12 country offices (in Rwanda, Eritrea, Egypt, Yemen, Panama, Ecuador, Indonesia, Cambodia, Brazil, Peru, the Russian Federation and Bulgaria). The Board also conducted audit work at the Inter-Agency Procurement Services Office and the Global Payroll Unit in Copenhagen and at the United Nations Volunteers (UNV) Office in Bonn, Germany.

4. The Board modified its report (chap. III, Audit opinion) to emphasize its concerns, summarized as follows:

(a) Programme expenditure implemented by Governments and non-governmental organizations under the nationally executed expenditure modality and subject to audit amounted to $3.2 billion for the biennium 2004-2005. In respect of the year 2004, project auditors issued disclaimers on opinions ($10.5 million); adverse opinions ($10 million); and qualified opinions ($13 million). The extent of project audit qualifications could not be determined for 2005 as these had yet to be analysed by UNDP as of June 2006. In addition, the effectiveness of internal controls and procedures in respect of nationally executed expenditure could be further improved;

(b) UNDP had a total of 615 bank accounts, 56 managed at headquarters and 536 at country offices, as well as six payroll bank accounts managed by the United Nations Secretariat and 17 bank accounts managed on behalf of other

United Nations agencies, with balances totalling $134 million as at 31 December 2005. Although, UNDP performed the final December 2005 reconciliation for all bank accounts, monthly reconciliations had not been prepared for headquarters and country office bank accounts during the biennium 2004-2005. This resulted in a key control not being performed during the biennium 2004-2005, which could have resulted in fraud and errors going undetected;

(c) UNDP had implemented a new enterprise resource planning system in January 2004. Internal control deficiencies existed during the biennium 2004-2005, such as: adequate segregation of duties was lacking; the general ledger module pertaining to bank reconciliations was not activated for most of 2004; and there was no automated reconciliation between the subsidiary ledger and general ledger bank account.

5. The Board continued its practice of reporting to UNDP the results of specific audits in management letters containing detailed observations and recommendations. This practice allowed for an ongoing dialogue with UNDP.

6. The Board communicated with the Office of Audit and Performance Review throughout the biennium 2004-2005 to facilitate the coordination of audit work and country office visits to prevent duplication of work and to facilitate increased audit scope between internal and external audit.

7. The present report covers matters that, in the opinion of the Board, should be brought to the attention of the General Assembly. The Board's observations and conclusions were discussed with the Administration, whose views have been appropriately reflected in the report.

1. Previous recommendations not fully implemented

Period ended 31 December 2003

8. In accordance with General Assembly resolutions 48/216 B of 23 December 1993 and 59/264 A of 23 December 2005, the Board reviewed the measures taken by the Administration to implement the recommendations made in its report for the biennium ended 31 December 2003. Details of the action taken and the comments of the Board are included in the present report and have been summarized in the annex to chapter II. Of a total of 78 recommendations, 48 (61 per cent) had been implemented, while 28 (36 per cent) were under implementation and 2 (3 per cent) had not been implemented.

Ageing of previous recommendations

9. The Board evaluated the ageing of its previous recommendations that had not yet been fully implemented, as requested by the Advisory Committee on Administrative and Budgetary Questions (see A/59/736, para. 8, and A/60/387, paras. 12 and 20). The financial period in which those recommendations were first made is indicated in the annex to the present chapter.

10. Of the 30 recommendations not yet fully implemented, 19 (63 per cent) relate to the biennium 2002-2003; eight (27 per cent) to 2000-2001; two (7 per cent) to 1998-1999; and one (3 per cent) to 1996-1997. The Board's further comments on these specific outstanding recommendations are provided elsewhere in the present report.

2. Main recommendations

11. **The Board's main recommendations are that UNDP:**

Bank accounts and cash

(a) **As a matter of priority, perform monthly bank reconciliations for all bank accounts managed by headquarters as well as at the country office level (para. 26);**

(b) **Review the procedures for reconciling country office bank accounts in order to streamline the reconciliation of the general ledger module. Furthermore, UNDP should decentralize as far as possible the full bank reconciliation process (para. 28);**

Inter-fund balances

(c) **(i) Evaluate whether the accounts in Atlas could be modified to simplify the reclassification of the inter-fund balance at year-end; (ii) perform inter-fund reconciliations on a regular basis to reduce the complexity of biennium-end reconciliations; and (iii) follow up those differences which may be the result of problems inherent in Atlas and take the necessary steps to address possible weaknesses in the system (para. 43);**

Trust funds

(d) **Follow up all trust funds in deficit and seek to recover from the donors expenditure incurred in excess of the funding received (para. 74);**

Enterprise resource planning (Atlas) implementation

(e) **Continue its efforts to address weaknesses in Atlas controls and implement control measures to mitigate the risks that may exist in the interim (para. 117);**

(f) **Perform monthly reconciliations between the Global Payroll and Atlas and continue the standard practice of posting payroll results on a monthly basis (para. 112);**

(g) **Expedite the implementation of the Atlas system at the Brazil country office (para. 125);**

(h) **Reconcile the differences between the UNDP Brazil SAP trial balance and SAP cashbook figures reflected in the year-end bank reconciliations and take steps to prevent recurrences of these differences in future (para. 129);**

Programme expenditure

(i) **Intensify its efforts to complete a comprehensive database to facilitate the implementation of a risk-based assessment model for conducting project audits (para. 158);**

(j) **(i) Carry out its planned audit coverage of nationally executed expenditure projects based on the criteria stated in its audit plan guidelines; and (ii) continue to address the reasons why certain nationally executed**

expenditure projects are not being audited by the country offices as required by UNDP guidelines (para. 161);

(k) **Continue to enforce the timely receipt of nationally executed expenditure project audit reports to facilitate the review and action plan process (para. 165);**

(l) **Initiate strict follow-up action in respect of those country offices where all nationally executed expenditure audit reports were qualified by taking specific action and measures in line with guidance provided in the United Nations Development Group simplification and harmonization resource transfer modality framework (para. 173);**

(m) **Continue to devote special attention to those country offices that do not submit their follow-up action plans, and obtain and evaluate the reasons for non-submission. Furthermore, UNDP should pay particular attention to collecting those action plans from country offices where all nationally executed expenditure project audit reports were qualified. (para. 176);**

Programme and project management

(n) **(i) Provide guidance to country offices on monitoring the correlation between reported expenditures and the level of project implementation; and (ii) improve its performance measurement process to monitor technical implementation in comparison to financial implementation at the performance indicator level using a weighted average aggregate technical implementation rate, based on a feasibility analysis (para. 190);**

Inter-agency coordination

(o) **In consultation with the United Nations Development Group, ensure that the United Nations development assistance frameworks are compiled in terms of the guidelines issued in order to facilitate a consistent assessment of the United Nations performance at the country level (para. 210);**

(p) **In consultation with the United Nations Development Group, consider harmonizing the processes of agencies in respect of funding, planning, budgeting and reporting at the country level (para. 243);**

(q) **Evaluate measures to proactively support resident coordinators with regard to inter-agency collaboration at the country office level in respect of procurement (para. 266);**

(r) **Maintain an up-to-date database of all countries, indicating in which countries it is feasible to establish United Nations Houses as well as the target dates for implementation (para. 286);**

Indian Ocean tsunami relief efforts

(s) **In conjunction with the Office for the Coordination of Humanitarian Affairs and other United Nations agencies, develop a United Nations contingency plan (para. 322);**

(t) **Establish benchmarks for procurement lead times, for both exigency and normal situations, so that it could measure and assess the effectiveness and efficiency of its procurement processes (para. 333);**

(u) **In consultation with its country offices and other United Nations agencies, develop a database of recovery and disaster-reduction experts within UNDP that could be deployed to the field within a short period to assist in complex emergencies and humanitarian crises (para. 337);**

Procurement and contract management

(v) **Implement a strategy for achieving a wider distribution of sources of supply, in line with subsidiary objectives of the Inter-Agency Procurement Services Office (para. 361);**

(w) **(i) Investigate all purchase orders awarded to the same suppliers on the same day to identify those purchase orders that might potentially have been split to avoid compliance with thresholds established in the procurement guidelines; and (ii) monitor the potential splitting of purchase orders (para. 365);**

(x) **Amend the UNDP Procurement Manual to make the compilation and consolidation of procurement plans mandatory and submit such plans to the Inter-Agency Procurement Services Office for the Office to assess the consolidated acquisition needs of UNDP (para. 374);**

(y) **Implement measures to monitor the segregation of duties, specifically with respect to the creator and approver roles within Atlas (para. 387);**

Internal oversight

(z) **Expedite the evaluation and implementation of its risk management strategy (para. 415);**

(aa) **Deploy sufficient resources to both maintain and improve the 2005 country office audit coverage, in the context of a risk-based audit approach (para. 425);**

Human resources management

(bb) **(i) Institute controls in respect of the leave administration process by formalizing standard leave practices across the organization; (ii) monitor these practices to facilitate accurate leave balances; and (iii) perform an internal audit of leave management to ensure the accuracy of leave balances (para. 449);**

Treasury management

(cc) **(i) Continue to monitor the "optimal cash balance" against the average monthly cash balances; and (ii) take measures to ensure that cash balances of country offices are within tolerable levels (para. 471);**

(dd) **Continue with its efforts to review and implement corrective action to prevent the recurrence of the breakdown in control, which led to the fraudulent transactions at the Russian Federation country office (para. 505).**

12. The Board's other recommendations appear in paragraphs 31, 36, 39, 42, 46, 52, 55, 60, 65, 71, 85, 95, 101, 104, 107, 110, 120, 134, 137, 144, 150, 154, 171, 179, 182, 185, 187, 197, 202, 215, 217, 222, 225, 236, 238, 240, 248, 258, 268, 276, 279, 284, 290, 292, 294, 300, 303, 308, 310, 325, 330, 340, 344, 348, 354, 357, 368, 371, 377, 383, 385, 390, 395, 398, 402, 406, 419, 423, 429, 433, 437, 439, 442, 445, 458, 463, 474, 476, 478, 480, 484, 487, 490, 500 and 503 of the present report.

B. Detailed findings and recommendations

1. Financial overview

13. The UNDP financial statements cover regular resources (un-earmarked), other resources (earmarked) and funds administered by UNDP (the United Nations Volunteers (UNV), the United Nations Capital Development Fund (UNCDF) and the United Nations Development Fund for Women (UNIFEM)). Some key financial indicators, based on the financial position as at 31 December 2005, are set out in table II.1 below. While the overall financial position is generally healthy, the Board noted that the cash available to settle liabilities in respect of regular resources remained low as at 31 December 2005.

Table II.1

Ratios of key financial indicators

	Regular resources			*Other resources*			*Trust funds administered by UNDP*		
				Biennium ended 31 December					
Description of ratio	*2001*	*2003*	*2005*	*2001*	*2003*	*2005*	*2001*	*2003*	*2005*
Advances/total assets[a]	0.034	0.040	0.012	0.102	0.074	0.036	0.029	0.009	0.003
Cash/total assets[b]	0.150	0.188	0.187	0.114	0.123	0.113	0.648	0.673	0.898
Assets/liabilities[c]	1.120	1.152	1.129	5.050	7.097	8.042	8.263	11.005	6.778
Cash/liability[d]	0.168	0.217	0.211	0.574	0.876	0.906	3.355	2.411	6.085

[a] A low indicator depicts a healthy financial position.

[b] A high indicator depicts a healthy financial position.

[c] A high indicator reflects a positive solvency position.

[d] A high indicator reflects the extent of cash available to settle debts.

14. In the biennium 2004-2005, total income amounted to $9.4 billion, mainly comprised of contributions of $8.9 billion (95 per cent). Of total contributions, $1.7 billion (20 per cent) related to regular resource activities, $4.2 billion (49 per cent) to cost-sharing, $2.4 billion (27 per cent) to trust funds and $0.4 billion (4 per cent) to reimbursable support services and miscellaneous activities.

15. Total expenditure amounted to $7.9 billion, of which $6.7 billion (84 per cent) was spent on programme/project activities and support costs paid to other United Nations agencies, $1.1 billion (14 per cent) for the biennial support budget, $83.6 million (1 per cent) for expenditure legislated through programming arrangements and the remaining $99.7 million (1 per cent) on miscellaneous costs.

16. The excess of income over expenditure in respect of regular resource activities for the biennium 2004-2005 was $134.9 million, resulting in a fund balance of $237.5 million as at 31 December 2005. The excess of income over expenditure in respect of other resource activities was $1.3 billion, resulting in a fund balance of $3.1 billion as at 31 December 2005.

2. United Nations system accounting standards

17. The Board assessed the extent to which the financial statements of UNDP for the financial period ended 31 December 2005 conformed to the United Nations system accounting standards. The assessment confirmed that the financial statements were consistent with the standards.

3. Presentation and disclosure of financial statements

18. The Board recommended previously[1] that the Administration consider the disclosure of items in the financial report in terms of good governance principles relating to oversight, performance reporting and non-financial information, social accounting issues, risk management, continuity and internal control issues.

19. UNDP informed the Board that in order to ensure harmonization of United Nations financial reporting and disclosure, this matter was further discussed at the High-level Committee on Management meeting in October 2005 and a recommendation made that a working group make specific recommendations for implementation. UNDP intended to revert to the matter in the context of the comprehensive review of governance arrangements referred to in General Assembly resolution 60/1 of 16 September 2005.

4. Bank accounts and cash

20. UNDP had a total of 615 bank accounts, 56 of which were managed at headquarters, 536 were managed at 136 country offices, 6 were payroll bank accounts managed by the United Nations and 17 were bank accounts managed on behalf of UNFPA and the United Nations Office for Project Services (UNOPS). The total balance of funds held in these bank accounts as at 31 December 2005 amounted to $134 million. The Board noted that, in respect of the headquarters and country office bank accounts, monthly reconciliations had not been prepared during the biennium 2004-2005.

21. The Board recommended previously[2] that UNDP intensify its efforts to resolve the limitations affecting the non-performance of the bank reconciliations to ensure proper monitoring controls over cash balances.

22. Headquarters bank account reconciliations for the year 2004 were completed in May 2005. UNDP headquarters also prepared bank reconciliations in December 2005 in respect of the 56 headquarters bank accounts and in respect of 258 bank accounts for 49 country offices. Monthly bank reconciliations were not performed at headquarters throughout the biennium because: (a) no postings were made to the general ledger since it was only operational from late 2004; (b) the reconciliation of the subsystems with the general ledger could only be completed

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[1] *Official Records of the General Assembly, Fifty-ninth Session, Supplement No. 5A* (A/59/5/Add.1), chap. II, para. 54.

[2] Ibid., para. 173.

after closing the subsystems and in 2004 and 2005 the subsystems had not been closed on a monthly basis; (c) there was one consolidated general ledger bank account for all headquarters bank accounts, making it difficult to match reconciling items to specific bank accounts; and (d) the procedures for preparing bank reconciliations within Atlas were cumbersome and not well understood by the finance staff. Similar difficulties were experienced in respect of the country office bank account reconciliations. The deficiency in Atlas is reported in detail in paragraphs 89 to 95 below.

23. UNDP had not performed bank reconciliations for January 2006 and February 2006 and these were performed retrospectively with the March 2006 bank reconciliations.

24. Bank reconciliations are a key internal control mechanism. Given the extent of the bank accounts managed by UNDP, it is important that monthly bank reconciliations be performed throughout the biennium.

25. The Board noted that at four country offices, fraud (see para. 492 (b) and (c) below) amounting to $0.559 million occurred during the biennium 2004-2005 owing to the bank reconciliations either not being performed or not performed on a timely basis.

26. **UNDP agreed with the Board's reiterated recommendation that, as a matter of priority, it perform monthly bank reconciliations for all bank accounts managed by headquarters as well as at the country office level.**

Reconciliation process

27. Atlas did not facilitate the process of reconciling the general ledger bank accounts directly with the bank statements. At headquarters, the subsidiary ledger was reconciled with the bank statement by the Treasury Division, after which the Office of Finance reconciled the subsidiary ledger with the general ledger module. Country offices had to reconcile the bank statements with the subsidiary ledgers before headquarters could reconcile all country office subsidiary ledgers with the general ledger. This process delayed the performance of bank reconciliations and placed strain on headquarters resources.

28. **The Board recommends that UNDP review the procedures for reconciling country office bank accounts in order to streamline the reconciliation of the general ledger module. The Board further recommends that UNDP decentralize as far as possible the full bank reconciliation process.**

29. UNDP informed the Board that it was reviewing the procedures for completing bank reconciliations, taking into account the lessons learned during the biennium 2004-2005. Once this process was completed and tested, UNDP would consider decentralizing this function.

30. The Board noted that discrepancies existed between the subsidiary and general ledgers in respect of both the headquarters and country office bank accounts. As of May 2006, the discrepancies were $8.8 million and $14.8 million, respectively, for headquarters and the country offices and UNDP was still investigating this matter.

31. **The Board recommends that UNDP expedite its investigation of the discrepancies between its general and subsidiary ledgers and amend the records accordingly.**

32. UNDP informed the Board that, as of June 2006, all differences had been identified and corrective action to adjust the accounts was being taken. Furthermore, the above-mentioned discrepancies were reduced to $4 million and $2.5 million, respectively, for headquarters and the country offices.

Staff resources

33. The Treasury Division was responsible for reconciling the bank statement with the subsidiary ledger. The staff responsible for performing the bank reconciliations consisted of one permanent staff member, one staff member on a short-term contract (a special service agreement contract for the period from 7 November 2005 to 31 March 2006) and various temporary staff employed through a local employment agency. On average, two temporary staff were employed per month during 2004 and an average of five temporary staff per month were employed during 2005. Payments made to the temporary staff amounted to $0.357 million for the biennium 2004-2005. In addition, there were constant changes in the temporary staff supplied to UNDP and only one temporary staff member was present during the entire biennium.

34. This meant that, although the temporary staff might have the necessary skills and competencies, UNDP constantly had to train them on Atlas functionalities unique to UNDP, as well as on polices and procedures. The appointment of temporary staff members for extensive periods was in contravention of the UNDP Personnel Manual, chapter II, section 10202, para. 1.1.1.

35. The Board noted in its previous report[3] that the Treasury Division was in the process of restructuring during the Board's March 2004 review. However, the restructuring review process had been put on hold and would be extended to include the Office of Finance.

36. **UNDP agreed with the Board's recommendation that it assess the use of temporary staff for extended periods and ensure that staff required to perform ongoing responsibilities were retained on fixed posts.**

5. Inter-fund balances

37. Inter-fund balances represent amounts due to/from other agencies when transactions are processed by UNDP or advances provided to agencies to incur expenditure on behalf of UNDP. The year-end closing involves a process whereby amounts relating to the inter-fund balances have to be manually reconciled and adjusted for the purposes of the financial statements.

38. Table II.2 indicates some of the differences that arose between agency and UNDP balances.

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[3] *Official Records of the General Assembly, Fifty-ninth Session, Supplement No. 5A* (A/59/5/Add.1), chap. II, para. 248.

Table II.2
Differences between UNDP and agency balances

UNDP	**UNFPA**	**Difference**	**Comments**
$29 667 431	$29 865 649	$198 218	The difference arose as a result of UNIFEM inter-fund transactions with UNFPA, which were included in the UNDP financial statements. UNDP included the transactions in its receivable from UNFPA but UNFPA did not include these transactions in its payable to UNDP.
UNDP	**UNODC**	**Difference**	
$2 750 900	$5 450 836	$2 699 936	The payable to UNODC as shown in the financial statements reflects the balance of the advances received from UNODC for payments yet to be made on its behalf by UNDP. UNDP provides a confirmation of the status of advances received from UNODC after taking into account only the actual cash disbursements made, whereas the UNDP balance takes into account both the actual cash disbursements made and the unliquidated obligation raised in respect of the UNODC transactions. UNDP indicated that the treatment of recording expenditure as between UNODC and UNDP was different as a result of the above. This is the primary reason for the difference.
UNDP	**UNFIP**	**Difference**	The Board experienced difficulty in obtaining confirmation that these amounts were included in the financial statements of UNDP since it was not easily determinable without the reconciliation. This reconciliation was not readily available until mid-June 2006 after the Board had completed its field work. The main reason for the difference in the UNIFEM balances was due to the December expenditure reports only being submitted in February 2006. The differences in the UNDP balances arose as a result of UNFIP data excluding projects reflecting deficit balances and other adjustments to the balances relating to expenditure, interest and UNDP support costs.
$8 928 482	$10 946 342	$2 017 862	
UNIFEM[a]	**UNFIP**	**Difference**	
$201 000	$1 138 862	$937 862	

[a] Included in UNDP statements.

UNODC, United Nations Office on Drugs and Crime.
UNFIP, United Nations Fund for International Partnerships.
UNFPA, United Nations Population Fund.
UNIFEM, United Nations Development Fund for Women.

39. **The Board recommends that UNDP follow up and reconcile the differences in inter-fund balances relating to UNFPA and UNFIP. The Board further recommends that UNDP, in consultation with UNODC, harmonize accounting treatment relating to the UNODC balances.**

40. UNDP informed the Board that corrective action was being taken in respect of the UNFPA and UNFIP differences and it would consult with UNODC regarding the harmonization of accounting treatment.

United Nations Office for Project Services

41. There was a difference of $70.071 million as of mid-April 2006 between the inter-fund balances of UNDP and the United Nations Office for Project Services (UNOPS). The Board obtained from UNDP a reconciliation detailing this difference, which was being investigated by both organizations. The following tables highlight significant differences.

Table II.3
UNDP/UNOPS inter-fund variances

Description	*Initial amount (United States dollars)*	*Comments*
Programme delivery incorrectly recorded in fiscal year 2006	1 649 851	The amount of $1.6 million represents a UNDP error, which UNDP intended to correct in 2006.
Difference in UNDP books still being investigated	2 249 632	Included in the amount of $2.2 million under investigation is an amount of $1.9 million where expenditure was recorded by UNDP but subsequently rejected. UNDP advised UNOPS of the rejected expenditure, but the amount was still disputed by UNOPS.
Expenditure transactions rejected as expenditure by UNDP/Indonesia	697 682	Amount under investigation by UNDP.
Expenditure transactions rejected as expenditure by UNDP/Afghanistan	8 117 595	This entire amount had initially been disputed and rejected by UNDP and therefore resulted in a reconciling item as it had been processed by UNOPS. UNDP subsequently accepted $6.9 million in 2006 relating to the Afghanistan elections project. The resolution of the balance was contingent on whether the donors would fund the overexpenditure.

Table II.4
Invalid expenditure: UNOPS

	UNDP	*UNOPS*	*Total*	
Description	*(United States dollars)*			*Comments*
2004	7 698	149 467	157 165	Expenditure incorrectly charged by UNOPS against UNDP. UNDP indicated that it would only record these transactions if UNOPS could demonstrate that they were legitimate charges belonging to UNDP.
2005	(10 529)	855 049	844 521	
Total 2004 and 2005	**(2 831)**	**1 004 516**	**1 001 686**	

Table II.5
Variances in project delivery report and mission subsistence allowance

Description	*Project delivery report and mission subsistence allowance 2004*	*Project delivery report and mission subsistence allowance 2005*	*Comments*
UNDP	330 064 041	435 571 768	UNOPS and UNDP were still in the process of reconciling these differences. The difference for 2004 principally related to entries made by UNOPS in its accounts subsequent to its submission of the project delivery report and mission subsistence allowance activity. UNOPS was further analysing the matter to determine the final amount of the 2004 project delivery report. Out of the total 2005 difference, $1.19 million relates to miscellaneous refunds and gains not reported by UNOPS to UNDP. UNOPS indicated that these would be reported in 2006 and then recorded by UNDP.
UNOPS	332 975 909	436 862 363	
Difference	**(2 911 868)**	**(1 290 595)**	

42. **The Board recommends that UNDP continue its efforts to clear the differences between the amounts in its financial statements and those in the UNOPS records.**

43. **The Board further recommends that UNDP: (a) evaluate whether the accounts in Atlas could be modified to simplify the reclassification of the inter-fund balance at year-end; (b) perform inter-fund reconciliations on a regular basis to reduce the complexity of biennium-end reconciliations; and (c) follow up those differences which may be the result of problems inherent in Atlas and take the necessary steps to address possible weaknesses in the system.**

United Nations current account reconciliation

44. The financial statements indicated a balance of $11.6 million due from the United Nations. This balance relates to the current account, which was used to record payments made by the United Nations on behalf of the United Nations system. A statement was received from the United Nations dated 30 November 2005 indicating that an amount of $3.1 million was due to UNDP. UNDP informed the Board that it used the 30 November 2005 statement because it had not received the statement from the United Nations due as at 31 December 2005 by the time it closed its accounts.

45. The Board reviewed the reconciliation, but it was unable to reconcile all the differences (amounting to $5.6 million) as UNDP had used the United Nations statement dated 30 November 2005 to reconcile to its 31 December 2005 balance.

46. **UNDP agreed with the Board's recommendation that it reconcile the amounts with the 31 December 2005 statement from the United Nations and perform reconciliations on a regular basis to ensure that all amounts are recorded in a timely manner.**

47. UNDP informed the Board that it had subsequently reconciled its balances with the 31 December 2005 United Nations statement in July 2006.

Write-offs relating to the operating fund account

48. UNDP performed a reconciliation between the United Nations operating fund account balances and that of UNDP as at 31 December 2003. The operating fund is made up of the service clearing account and the project clearing account. The value of vouchers in dispute amounted to $26.2 million and spanned a period of 10 years. Investigation into the differences between the balances had taken approximately 18 months. Following this investigation, the United Nations accepted to write off $4.8 million and UNDP $4.2 million. The $4.2 million write-off request would be submitted to the UNDP Administrator for approval after the Office of Audit and Performance Review had completed a due diligence review.

49. Prior to this reconciliation, the last reconciliation that had been performed by UNDP and the United Nations was for the year ended 31 December 1989. The long delay in reconciling the account and in following up disputed items made the reconciliation process difficult. Another factor in the write-off was the poor record-keeping in some country offices that resulted in their being unable to produce supporting documentation.

50. UNDP indicated that all reasonable steps were taken to identify and record the transactions and that there was no evidence to suggest the write-off related to fraud or theft. UNDP indicated that the write-off was mainly attributable to charges that should have been posted to other agencies or to UNDP's own budget lines.

51. Out of the $26.2 million of charges in dispute, the United Nations accepted $12.2 million and UNDP accepted $4.8 million. Some budget lines may have expired and therefore both the United Nations and UNDP may have further write-offs related to this exercise in 2006. UNDP has taken steps to ensure that there is no re-occurrence of the situation by using an improved version of the service clearing account, which gives a highly detailed monthly statement, and by the introduction of electronic inter-office vouchers. The service clearing account was further strengthened in 2005 by the addition of mandatory agency reference fields to make the capturing of this information more robust. The reconciliation as at 31 December 2005 was still being conducted in June 2006 and UNDP was taking steps to follow up on disputed amounts.

52. **UNDP agreed with the Board's recommendation that it expedite the reconciliation of amounts due to/from the United Nations and perform such reconciliations regularly to avoid future write-offs.**

6. Contributions

Contributions received in kind

53. In kind contributions received during the biennium 2004-2005 amounted to $21.4 million (2002-2003: $20.7 million). This represented a 3.4 per cent increase over the previous biennium. However, the in kind contributions valued at $464,000 receive by the Brazil country office were initially omitted from the UNDP list of in kind contributions received by country offices, resulting in an understatement in the note for the biennium 2004-2005. Following the Board's audit, UNDP subsequently included this contribution in the notes to the financial statements.

54. The UNDP financial closing instructions issued to country offices did not specifically request confirmation from country offices of contributions in kind. A risk therefore existed that other country offices may have omitted to declare contributions in kind that were received.

55. **UNDP agreed with the Board's recommendation that it obtain confirmation from all country offices of the complete value of contributions in kind received during the previous biennium and to include a request for such confirmation in all future closing instructions.**

Government contributions to local office costs

56. In accordance with the provisions of the standard basic agreements that governed UNDP operations in programme countries, host Governments were expected to contribute towards the cost of country offices. Government obligations for local office costs were based on the total local cost of the office financed from the core budget, excluding international travel and hospitality costs. Waivers on contributions were applied to middle- and low-income countries; they ranged from 25 to 75 per cent, based on gross national product (GNP) per capita income data from the World Bank for the applicable reference year. The budgeted country office targets for such government contributions were estimated at $29.787 million in 2005 and $28.535 million in 2004. As of May 2006, UNDP could only provide data on government contributions to local office costs for 2004.

57. In 2004, 70 per cent of targets for government contributions to local office costs were achieved (in 2003, 73 per cent). The decline in target achievement was mainly attributable to reduced payments by Governments for offices under the UNDP Regional Bureau for Africa, which attained 42 per cent collection in 2004 (76 per cent in 2003). In addition, total local office costs for the Regional Bureau for Africa increased by 6 per cent to $35 million in 2004 ($33 million in 2003).

58. As indicated in table II.6, the average of 70 per cent compliance by Governments with their local office cost obligations in 2004 (73 per cent in 2003) was adversely affected by an overall shortfall of $10.7 million ($7.3 million in 2003) after voluntary contributions were accounted for. The cumulative shortfall on government local office contribution targets had a negative impact on the UNDP biennial support budget.

Table II.6

Government contributions to local office costs: payments as a percentage of obligations (2003 and 2004)[a]

Regional bureau	*2004*	*2003*
	(Percentage)	
Africa	42	76
Arab States	82	69
Asia and the Pacific	72	86
Europe and Commonwealth of Independent States	76	63
Latin America and the Caribbean	76	71
Average	**70**	**73**

[a] Data obtained from UNDP Intranet> Practices> Management> Finance> Frequently Asked Questions.

59. Government contributions to local office costs were recorded on a cash basis when received. Therefore, they were not recorded as receivables in Atlas and, as a

result, UNDP was not able to generate reports detailing the outstanding expected contributions. There was no alternative monitoring tool at the country offices to monitor and track outstanding contributions.

60. **UNDP agreed with the Board's recommendation that it (a) ensure that country offices follow up on outstanding government contributions to local office costs and (b) implement a monitoring tool in Atlas to enhance efforts for the collection of outstanding contributions.**

61. UNDP informed the Board that, in addition to sending the regular correspondence on the established targets for government contributions to local office costs to all country offices, it would set up receivables for the government local office cost obligations in the Atlas Accounts Receivable module. This would allow for the use of existing monitoring tools to systematically track government performance based on outstanding receivables. With these tools, headquarters' monitoring and follow-up with country offices of outstanding government contributions would be strengthened.

Unidentified receipts

62. Unidentified receipts, as disclosed under accounts payable in the balance sheet and note 4 to the financial statements, increased by 74 per cent from $17.1 million in the biennium 2002-2003 to $30.9 million in the biennium 2004-2005. Of the $30.9 million, an amount of $12.4 million related to a single deposit from a donor received on 30 December 2005, which could not be recorded as income since the co-financing agreement had not been signed by the end of the biennium. The Board previously expressed concern about the increase in unidentified receipts and the corresponding delay in applying these amounts for the purposes intended by the donors.[4] The risk existed that income for the biennium 2004-2005 was understated by an amount of up to $18.5 million while liabilities were overstated by the same amount.

63. The Board was also concerned that $4.8 million (28 per cent) of the unapplied deposits from the biennium 2002-2003 remained unapplied as at 31 December 2005. Further, the Board noted that in respect of the total unapplied deposits for the biennium 2004-2005, an amount of $3.8 million existed as a debit against the unapplied deposit balance. UNDP informed the Board that the $3.8 million debit balance was due to an error that resulted when offices reapplied a deposit that had already been applied. This error would be corrected in 2006. The risk existed that income for the biennium was understated by $22.3 million and accounts payable were overstated by the same amount.

64. The Board could not analyse the ageing of the unapplied deposits as there was no ageing report readily available from Atlas. Therefore, these deposits had not been monitored by the country offices or headquarters.

65. **UNDP agreed with the Board's recommendation that it (a) continue to improve its mechanism to identify the unapplied contributions and clear such items in a timely manner; (b) expedite the strict follow-up of amounts that are**

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[4] *Official Records of the General Assembly, Fifty-ninth Session, Supplement No. 5A* (A/59/5/Add.1), chap. II, para. 61.

still included as unidentified receipts relating to periods prior to 2004; and (c) enhance Atlas to allow for ageing of the unidentified receipt balances.

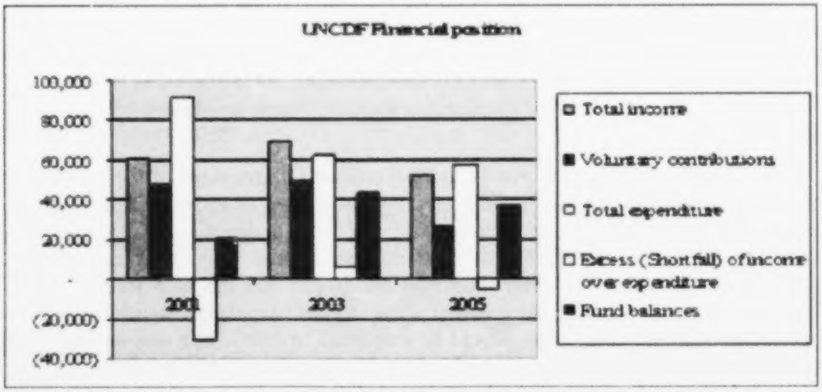
66. UNDP informed the Board that an unapplied deposits query had been subsequently developed in Atlas to indicate the ageing of unapplied deposits.

7. United Nations Capital Development Fund

Financial position

67. The Board previously recommended[5] that UNDP closely monitor the financial position of the United Nations Capital Development Fund (UNCDF) to ensure that healthy fund balances are maintained. During the biennium 2004-2005, total expenditure of $57.5 million exceeded total income of $52.3 million by $5.2 million. The shortfall of expenditure over income decreased the fund balance by $5.6 million (13 per cent), to $37.5 million as at 31 December 2005. Included in the $5.6 million were transfers to other funds of $0.4 million. Voluntary contributions decreased significantly by 46 per cent, from $49 million in 2002-2003 to $26.7 million in 2004-2005. Figure 1 below summarizes the financial position of UNCDF for the past three bienniums.

Figure 1
Analysis of UNCDF financial position from 2001 to 2005
(Thousands of United States dollars)



68. The Executive Board of UNDP, in its decision 2006/4 of 27 January 2006, reiterated its call upon UNDP to assist UNCDF in mobilizing the resources necessary to sustain its current local development and microfinance activities. The Executive Board also reiterated its call upon donor countries and other countries in a position to do so to provide and sustain additional funding support for UNCDF programmes and activities in the least developed countries.

69. In response to the recommendations of the Executive Board, UNCDF developed an investment plan, the overall objective of which was to determine the

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[5] Ibid., para. 22.

core and non-core resources required to fund the programmatic budget. In line with this plan, UNCDF had initiated a fund-raising drive targeting 36 donor countries. The Board was, however, unable to evaluate the effectiveness of the fund-raising drive as it was still in the early stages of implementation. UNDP informed the Board that an evaluation would be performed on a six-monthly basis.

70. The Board noted that in respect of the biennium 2006-2007, the UNCDF administrative budget of $5 million would be funded from UNDP core resources. UNCDF core resources would be utilized only for programme expenditure.

71. **UNDP agreed with the Board's recommendation that it evaluate the status of UNCDF fund-raising efforts to be reported to the Executive Board on a six-monthly basis to determine whether further steps need to be taken where these efforts are not having a positive impact on the fund balance and the financial position of UNCDF.**

72. UNCDF informed the Board that it would also take into account Executive Board decision 2006/15 of 22 June 2006 in determining the appropriate next steps to be taken.

8. Trust funds

Trust funds in deficit

73. The Board previously recommended[6] that UNDP follow up on all trust funds in deficit positions with a view to recovering the expenditure in excess of the funds received. The Board noted that 83 of the 468 (22 of 349 in 2002-2003) trust funds established by UNDP and disclosed in schedule 5 of UNDP's financial statements were in a deficit position as at 31 December 2005. The total balance in deficit was $37.7 million of which $17 million related to two trust funds in respect of the Afghanistan elections projects. The Board further noted that as of June 2006 only $8.4 million had been subsequently received from a donor in respect of one trust fund in deficit.

74. **UNDP agreed with the Board's reiterated recommendation that it follow up all trust funds in deficit and seek to recover from the donors expenditure incurred in excess of the funding received.**

75. UNDP indicated to the Board that it would continue to intensify efforts to resolve trust funds in deficit and would continue to monitor such trust funds closely. UNDP further indicated that where deficits were due to outstanding contributions, it would follow up with donors to ensure receipt of such contributions.

Inactive trust funds

76. The Board previously recommended[7] that UNDP intensify its efforts to finalize all outstanding activities of inactive trust funds and implement a formal system to track and monitor expiry dates and specific closure requirements included in trust fund agreements. The Board noted that 83 of 468 (21 of 349 in 2002-2003)

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[6] *Official Records of the General Assembly, Fifty-ninth Session, Supplement No. 5A* (A/59/5/Add.1), chap. II, para. 315.

[7] Ibid., para. 320.

trust funds disclosed in schedule 5 of the UNDP financial statements indicated no contributions or expenditure during the past two years or longer.

77. The fund balances of 15 of the 83 (11 of the 21 in 2002-2003) trust funds were either refunded or transferred to other trust funds during the biennium, leaving 68 (10 in 2002-2003) inactive trust funds in UNDP records as at 31 December 2005. The inactive fund balances as at 31 December 2005 amounted to $27.6 million. The Board further noted that schedule 6.8 (the schedule for UNV), also included inactive trust funds. Six of the 34 fully funded arrangements of the UNV programme were inactive as at 31 December 2005.

78. UNDP informed the Board that it had been taking decisive action and had been following up on inactive trust funds. The ongoing consultations between the Office of Finance and the Bureaux would continue in 2006.

9. End-of-service and post-retirement benefits

79. The Board previously recommended[a] that UNDP, in conjunction with the administration of the United Nations, review the funding mechanism and targets for liabilities for end-of-service and post-retirement benefits. The liabilities for annual leave, end-of-service benefits and post-retirement benefits for the biennium ended 31 December 2005, as indicated in note 17 to the financial statements, were as follows:

Table II.7

Liabilities for end-of-service and post-retirement benefits

(Millions of United States dollars)

Description	*2004-2005*	*2002-2003*
After-service health insurance net liability	406.86	263.17
Accrued annual leave	22.8	21.53
Other termination benefits	23.8	22.84
Subtotal for liabilities	**453.46**	**307.64**
Provision for after-service health insurance	(162.00)	(108.00)
Total unfunded portion	**291.46**	**199.64**

80. An annual provision of $54 million had been raised in the biennium 2004-2005 for the after-service health insurance liability, increasing the total to $162 million.

81. UNDP received the actuarial valuation in July 2006, too late to adjust the provision for after-service health insurance, which was based on the 31 December 2003 valuation. UNDP expected to fund this liability fully in future years.

82. The Board reviewed the calculation of the costs relating to annual leave, amounting to $22.8 million. The calculation was based on an estimation which took into account an average salary based on the salary scales and an average number of

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[a] Ibid., para. 77.

days of 40 days for staff (15 days for experts). This estimation had been used by UNDP in the past.

83. Owing to the planned implementation of the International Public Sector Accounting Standards in future bienniums, subject to General Assembly approval, a leave liability would have to be raised based on actual leave days due to an employee and actual salary costs. The funding implications of this liability would also need to be considered by UNDP when raising this liability in the financial statements.

84. The weaknesses noted in the leave administration system and mentioned in paragraphs 447 to 449 below would complicate the computation of the leave liability. The leave system currently utilized had inherent problems with regard to the accuracy of data. The integrity of leave data maintained at country offices was questionable.

85. **The Board recommends that UNDP take steps to ensure that the leave administration system that is currently utilized provides accurate data for future bienniums so that the provision for the leave liability can be based on actual leave balances and salary costs.**

86. UNDP informed the Board that a phased approach would be taken to improve the leave management system.

10. Write-off of losses of cash, receivables and property

87. UNDP informed the Board that during the biennium 2004-2005, total write-offs approved and pending approval amounted to $7.9 million, which were provided for in the financial statements ($8.3 million in 2002-2003). Of this amount, $7.8 million that was pending approval related to the differences identified during the United Nations operating inter-fund reconciliation ($4.2 million) and the devaluation of a non-convertible currency ($3.6 million).

11. Ex gratia payment

88. UNDP reported an ex gratia payment amounting to $5,280 in the biennium 2004-2005 ($4,867 in 2002-2003) in respect of a monthly supplemental old-age payment to a former staff member.

12. Enterprise resource planning implementation

Enterprise resource planning system

89. UNDP, in partnership with UNOPS and UNFPA implemented the Atlas enterprise resource planning system, effective January 2004. UNDP introduced wave 1 of the Atlas system from 2 January 2004 at all country offices and headquarters units, with the exception of the Brazil country office. This was the largest system implementation project ever undertaken by UNDP in its 50 years of existence and arguably the largest in the United Nations system over a period of two years.

90. The Board, in its previous report, made extensive recommendations in respect of the pre-implementation of the enterprise resource planning system.[9] The Board followed up on these recommendations and noted that UNDP should:

(a) As a matter of urgency address all Atlas control weaknesses;

(b) Continuously monitor expenditures for the implementation of the Atlas system;

(c) Continue its training efforts to address gaps highlighted in surveys and ensure that the training strategy encompasses all factors highlighted by the Office of Audit and Performance Review;

(d) Continue to monitor the cost implications of the utilization of available modules within the Atlas system;

(e) Evaluate the cost implications of modifications to ensure that no excessive costs are incurred;

(f) Monitor areas of risk surrounding commitment control issues identified in the report;

(g) Perform monthly reconciliations of the Global Payroll with Atlas and continue the standard practice of posting payroll results on a monthly basis;

(h) Continue its efforts to address the weaknesses highlighted in the consultant's report on Atlas controls and risks and implement control measures to mitigate the risks that may exist in the interim;

(i) Expedite its mitigation plan and the related action plans to address all risks highlighted in the information security risk assessment report;

(j) Expedite the implementation of the Atlas system at the Brazil country office;

(k) Intensify its efforts to clarify the lines of responsibility with regard to the reconciliation of data in SAP and Atlas. The Board further recommended that UNDP expedite the follow-up and clearing of all unreconciled items to ensure the accuracy of the accounts;

(l) Follow up the unreconciled difference between the UNDP Brazil Atlas and SAP trial balances in order to effect the appropriate adjusting entries in a timely manner; and perform monthly reconciliations between the Atlas and the SAP trial balance.

91. The Board concluded in its previous report[10] that UNDP did not have an independently validated comprehensive internal control framework for the Atlas system that would adequately mitigate its control risk. The Board had also concluded that that weakness was compounded by the numerous related deficiencies that the Board had identified, such as: (a) inadequate segregation of duties; (b) no operational general ledger; (c) no automated bank reconciliation facility; and (d) limited monitoring reports. The Board had further expressed concern in its previous report that if these deficiencies pertaining to the introduction of this

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[9] Ibid., paras. 124-206.

[10] Ibid., para. 206.

significant system were not addressed expeditiously they might result in major operational difficulties.

92. The internal control framework had been developed and independently validated by a consultant. The concerns previously raised by the Board were yet to be addressed or were still under implementation in the biennium 2004-2005 and had in fact resulted in the operational difficulties anticipated by the Board.

93. A system implementation of this magnitude created numerous risks. In response thereto, the Office of Audit and Performance Review conducted three Atlas reviews. The first review (referred to as the Atlas Wave 1 implementation review) covered the areas of (a) governance, planning and project management; (b) the testing of the system that was designed and implemented; (c) the business processes that were applied as Wave I; (d) the project budget and expenditure; and (e) training in the use of enterprise resource planning and its support system. The second review covered the internal control framework and identification of risks in a post-implementation Atlas environment in the three Atlas agencies, UNDP, UNFPA and UNOPS. The third review, broader in scope, was an information security risk assessment of UNDP. The second and third reviews were undertaken by consultants on behalf of the Office of Audit and Performance Review.

94. The Board noted significant findings throughout the audit that arose as a direct result of the implementation of Atlas, and key control areas yet to be addressed by the system. These issues were noted at the country offices as well as at headquarters. They prevailed throughout the biennium 2004-2005 and at the time of the audit remained unresolved or were under implementation. The issues identified by the Board were also reported by the Office of Audit and Performance Review in the Atlas Wave 1 post-implementation review. These key findings are summarized below:

(a) The creation and approval of purchase orders and vendors by the same individual (see paras. 386-391 below);

(b) Problems identified in the general ledger module during the testing of bank reconciliations (see paras. 27 and 28 above);

(c) Inherent weaknesses in the bank reconciliation process, which indicated clear inconsistencies between the subsidiary ledger and the general ledger (see paras. 29-32 above);

(d) Although there was an automated matching of the bank statements to the subsidiary ledgers, the reconciliation of the subsidiary ledger with the general ledger was a manual process (see para. 22 above);

(e) While UNDP had taken steps to improve its management reports, certain reports could be enhanced and more effectively used (see paras. 59 and 64 above and para. 486 below); and

(f) The Brazil country office was still utilizing SAP (see paras. 122-144 below).

95. **The Board reiterates its recommendation that UNDP urgently address the Atlas weaknesses.**

Atlas Wave I recommendations under implementation

96. The Office of Audit and Performance Review conducted a review of the status of recommendations made in the Atlas Wave I post-implementation review, which was issued in August 2005. It performed this review to identify any improvements needed before UNDP entered into the second phase of the implementation. The Office of Audit and Performance Review noted that 67 per cent of the recommendations had been implemented and 33 per cent were in the process of being implemented. The Board noted significant areas of concern reported by the Office of Audit and Performance Review that were still being addressed by UNDP. They are discussed in the following paragraphs.

Training costs

97. The Office of Audit and Performance Review report indicated that Atlas Wave I training expenditure may not have been adequately funded and Atlas-related training was not included in the Wave II funding proposal. The highlighted concern was of particular importance as global staff surveys conducted in December 2004 had revealed a concern on the part of users about the availability of training.

98. Follow-up global staff surveys were conducted in June 2005 and showed an increase in favourable answers to 78 per cent as compared to 48 per cent in December 2004. Although the results improved, users raised concerns with respect to training, certain processes that were not functioning well, control mechanisms, system performance and other issues.

99. The Office of Audit and Performance Review also recommended that a training strategy be formulated in consultation with the business units and taking into account the following six factors:

(a) Defining clear learning objectives for Atlas training;

(b) Determining the content of the training;

(c) Planning and delivery;

(d) Assessing learners and reviewing the effectiveness of the training session;

(e) Creation and delivery of user-training curricula;

(f) Assessing the training results and using feedback loops to improve training quality over time.

100. An ATLAS training strategy was presented to the UNDP Information and Communication Technology Board in February 2006. During the presentation, the current training strategy for Atlas was explained and the need for a more diverse training strategy highlighted.

101. **The Board recommends that UNDP continue its Atlas training efforts to address gaps highlighted in surveys.**

Asset replacement strategy

102. UNDP is in the process of including the asset replacement strategy for Atlas in the information and communication strategy for the biennium 2006-2007. The

Office of Audit and Performance Review indicated that this strategy was important for defining how future replacements of assets would be funded.

Unused Atlas modules

103. By June 2006, UNDP was utilizing 26 of the 44 modules of Atlas purchased for a licence fee of $2.9 million. Eleven further modules had been identified for use, starting in the biennium 2006-2007. The Atlas modules identified for implementation in Wave II include: eRecruit, Billing, Travel, Enterprise Warehouse, Planning & Budgeting, Balanced Scorecard, Procurement, Strategic Sourcing and Human Capital Management. The Office of Audit and Performance Review recommended that UNDP should consider whether the modules included in Atlas could replace existing or future customizations to ensure that UNDP was obtaining benefit from the investment in the package.

104. **UNDP agreed with the Board's recommendation that it continually assess the cost implications of the non-utilization of available modules within the Atlas system.**

Software modifications

105. Atlas was purchased as off-the-shelf software with the main purpose of having the functionality to meet the requirements of UNDP. The Office of Audit and Performance Review indicated that the common thinking in enterprise resource planning implementation was that modifications to the software to add or enhance functionality were not advisable. The Office of Audit and Performance Review recommended that modifications to the system should be kept to a minimum because of cost implications.

106. UNDP informed the Board that since 2005 and in line with Prince2 methodology, all requests for changes to Atlas required a clear project mandate document and approval before development work could proceed. All Atlas production changes were managed through the UNDP change control framework with release notes issued. The cost implications of modifications were not captured or collected by the Office of Information Systems and Technology.

107. **The Board recommends that UNDP evaluate the cost implications of modifications to Atlas to ensure that no excessive costs are incurred.**

Commitment control

108. The following issues were of concern to the Office of Audit and Performance Review with regard to commitment control:

(a) Approximately 40 management reports and 600 queries existed as at March 2005 in the current Atlas system. Users were reporting substantial differences in the financial information obtained from available reports in different ledgers. It was not known which data were more reliable, because there were too many reports with discrepancies. Concern was expressed by financial analysts at country offices at not having overall financial reports at the country office level, which situation was also occurring at the regional and corporate levels;

(b) Too many initiatives from different data systems were in place for Wave II for enterprise information management systems, such as the roll-out by headquarters of MAERA, EPM Data Warehouse and Donor Reporting, and Atlas Snapshot.

109. UNDP noted that, in line with the internal control framework issued in May 2005, only senior managers or authorized users could do budget override. Budget override reports were used to monitor trends, but UNDP still had to address issues relating to the management reports, queries and the different initiatives.

110. **The Board recommends that UNDP monitor areas of risk surrounding Atlas commitment control issues identified by the Office of Audit and Performance Review.**

Human resource administration and Global Payroll

111. The Board noted that UNDP had not performed monthly reconciliations between the Global Payroll and Atlas in the biennium 2004-2005. UNDP had, however, performed a reconciliation in May 2006 and there were no significant reconciling items. While delays had been experienced in payroll results being posted monthly, monthly posting had become standard.

112. **UNDP agreed with the Board's recommendation that it perform monthly reconciliations between the Global Payroll and Atlas and continue the standard practice of posting payroll results on a monthly basis.**

Second report on review of controls and identification of risks in the post-implementation phase

113. The following remained key areas of concern to the organization: security, reporting, application of revenue accounting across agencies with different policies, electronic funds transfer (EFT) processing, cheque processing, the bank reconciliation process, financial training and human resources training.

114. UNDP had initiated an Atlas transactions simplification and audit follow-up project intended to address the specific risks and internal control concerns raised by the Board in its previous report and by the consultant's report. UNDP commenced work in the area of enhanced Atlas security and internal controls which was expected to be completed in June 2006. The project has also identified simplified Atlas objects and enhanced data quality dashboards for future implementation.

115. UNDP had implemented:

(a) The global user security management system, which had been rolled out in August 2005;

(b) The Atlas user reporting guide, published in July 2005. While this had been indicated as having been implemented, the Board noted during its country office visits that there were still problems in the reporting processes in the areas of unliquidated obligations and contributions.

116. The following projects were in progress:

(a) Application of revenue accounting across agencies with different policies. Revenue management had been identified as a Wave II initiative and the move to an accrual basis of accounting was expected to be tabled for approval;

(b) Training — financials and human resources: the Atlas Wave II Training Strategy had been endorsed by the UNDP Learning Management Steering Committee and endorsed by the Executive Team;

(c) EFT processing: the Treasury would be working with country offices to identify their readiness for EFT implementation;

(d) Cheque processing: disbursement management was part of the revenue management initiative identified for Wave II. UNDP indicated that, owing to problems experienced in aligning the cheque printing utility at the country offices because of different cheque formats, language correctors and encryption, additional controls had been put in place to compensate the manual cheque process; and

(e) Bank reconciliation process: UNDP was aiming at performing monthly closures to address the problems with the bank reconciliation process. This monthly closure had not yet been performed as of June 2006 owing to the problems experienced in the biennium closing.

117. **The Board recommends that UNDP continue its efforts to address the weaknesses highlighted in the consultant's report on Atlas controls and risks, and implement control measures to mitigate the risks that may exist in the interim.**

Third report on information security-risk assessment

118. The Office of Information Systems and Technology prepared an implementation plan to address the findings and recommendations contained in the third report of the Office of Audit and Performance Review on information security risks. The plan included all recommendations mapped to a high, medium or low risk to UNDP as an organization. The plan was formulated and a tracking report structured indicating risk level, responsible manager, level of implementation, planned controls, required resources, maintenance requirements and start and end dates. UNDP commenced work on the action plans and addressed certain policy issues, as well as making efforts to support disaster recovery at the country offices.

119. UNDP was working on the following topics not yet fully addressed in the context of the implementation plan:

(a) The identification of risks to UNDP on certain issues;

(b) The identification of implementation difficulties;

(c) The allocation of responsible managers/teams;

(d) Timelines for specific action plans;

(e) Information with respect to costs;

(f) Timelines for reporting to management.

120. **UNDP agreed with the Board's recommendation that it expedite its implementation plan and related action plans to address all the risks highlighted in the information security-risk assessment report.**

121. UNDP informed the Board that it expected to complete the implementation of all the recommendations made in the information security-risk assessment report by September 2006.

Brazil country office

Enterprise resource planning system

122. The Board followed up on its previous recommendation[11] that UNDP take immediate steps to ensure that the Brazil country office implement the Atlas system in a cost-effective and efficient manner. The Brazil country office used the SAP system during the biennium 2004-2005 and continued to use it in 2006. UNDP had informed the Board in June 2004 that a decision was taken to allow the country office to continue using the SAP system because of the extraordinary volume of external projects being tracked and recorded on the system. In addition, a plan had been formulated to mitigate the short-term impact of and facilitate the transition to the Atlas system, and a feasibility study, to be completed by the third quarter of 2004, was also planned.

123. The systems in place for alignment with Atlas included an interface developed to download information from SAP to Atlas on a monthly basis. The chart of accounts in SAP differed from that in Atlas and the interface was developed for the purpose of mapping all accounts from SAP to the chart of accounts in Atlas.

124. UNDP Brazil was at a disadvantage, as management information which was readily available in Atlas to other country offices for the purposes of the scorecard and dashboards was not available in SAP. This could have a negative impact on performance monitoring and evaluation by headquarters. Also, the global payroll function at Copenhagen was set up for the purpose of centralizing UNDP payroll functions. UNDP Brazil utilized SAP for the payroll function and indicated that it was considering the use of the Global Payroll function at Copenhagen as an initial step of its alignment with Atlas.

125. **The Board recommends that UNDP expedite the implementation of the Atlas system at the Brazil country office.**

126. UNDP informed the Board that the migration from SAP to Atlas would be effected in incremental steps in order to ensure a smooth transition for the Brazil office and its government counterparts currently accessing the system. That migration was expected to be completed by June 2007.

Discrepancies between cashbook balances and the trial balance

127. Differences noted between the SAP trial balance and the SAP cashbook balance are set out in table II.8 below.

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[11] *Official Records of the General Assembly, Fifty-ninth Session, Supplement No. 5A* (A/59/5/Add.1), para. 196.

Table II.8

Brazil country office: differences between the SAP trial balance and SAP cashbook balance

Description	*Amount*
Bank balances — trial balance	$31 692 982
Bank balances — cashbook balance	$32 299 876
Difference	**($606 894)**

128. According to UNDP Brazil, the SAP trial balance report was presenting problems in its format and in the accounting classification of its general ledger accounts. During the reconciliation process, UNDP Brazil determined the adjustments needed and corrected the trial balance report. However, as noted in the table above, there still remained a difference between the cashbook balance and the trial balance.

129. **UNDP Brazil agreed with the Board's recommendation that it reconcile the differences noted between the UNDP Brazil SAP trial balance and SAP cashbook figures reflected in the year-end bank reconciliations and take steps to prevent recurrences of these differences in future.**

Reconciliation of Atlas account discrepancies

130. The Board noted that, for the biennium 2004-2005, UNDP headquarters and UNDP Brazil did not reconcile the general ledger accounts in Atlas and SAP on a monthly basis. This was an important control to ensure that unrecorded transactions and errors are detected in a timely manner. Failure to perform timely reconciliations may result in the non-timely detection of errors.

131. The Board noted a difference of $4.1 million between the SAP and Atlas bank account balances, as indicated in table II.9 below.

Table II.9

UNDP Brazil: differences between Atlas and SAP trial balances as at 31 December 2005

Amount of Atlas trial balance	$27 586 796
Amount of SAP trial balance	$31 721 775
Difference	**($4 134 979)**

132. UNDP investigated this difference and confirmed that the bank general ledger account in Atlas was understated by $4.1 million. Furthermore, other general ledger accounts of UNDP might also be misstated as a result of possible unrecorded transactions and errors such as duplications and mispostings during the biennium 2004-2005.

133. UNDP informed the Board that the delay in the reconciliation of data between SAP and Atlas was a result of the country office being of the opinion that it was the responsibility of headquarters to perform this function. Although there were

discussions between the country office and headquarters, a clear line of responsibility with regard to the function of reconciling the data in SAP with Atlas was not established.

134. **The Board recommends that UNDP (a) perform monthly reconciliations between the Atlas and the SAP trial balances; and (b) intensify its efforts to clarify the lines of responsibility with regard to the reconciliation of data in SAP and Atlas.**

135. UNDP informed the Board that it would develop a procedure to verify that the monthly interface from SAP to Atlas was complete and accurate, as an interim measure until the Brazil country office had fully migrated to Atlas. Correcting entries would be made in 2006 regarding the differences identified.

SAP project activity level

136. The Board noted that, in respect of the UNDP Brazil country office, not all projects entered into the SAP system contained the same level of required detail regarding targets and outcomes for 2005 at each activity level. Only 23 per cent of 267 projects contained full details at each activity level.

137. **UNDP Brazil agreed with the Board's recommendation that it provide the same level of detail in SAP for all projects regarding the outcomes at activity levels for results-based management purposes or implement Atlas for programmatic, monitoring and reporting purposes to avoid duplicate work when SAP is phased out.**

138. UNDP informed the Board that it would work with the Brazil country office to rationalize the level of detail on projects to be captured in the SAP system for results-based management reporting purposes. Headquarters and the Brazil country office were working together to address the challenges and timeline for the migration of the office from SAP to the Atlas system.

Revenue-generated services

139. The operational plans for UNDP Brazil included development services (which were expected to play a declining role in the future), advocacy, policy advice, new products, development of new methodologies for knowledge-based products and special projects that may become new products.

140. UNDP Brazil was moving towards a deliberate strategy of experimentation with respect to new services and activities. The aim of the new services was to look into the self-financing and self-sustainability of the country office. The services in certain cases had developed as a result of projects undertaken by UNDP Brazil. For example, a study might be performed for a particular municipality as a project output. UNDP might then be approached by another municipality to perform a similar study. UNDP therefore needed to address the issue of costing for that project in order for the municipality to pay for the study.

141. A service resulting from a project might subsequently be required in order to meet specific needs at the federal, state or municipal level. That service was then sold as a means of obtaining resources for UNDP Brazil to further meet the needs of the country by investing in new areas of development. Such resources would be transferred to a fund which would be used for research and development in new

areas. New services developed in the previous year were expected to generate a net income of $500,000 per year.

142. Challenges experienced by the country office with respect to these products included the incorporation of the product activities in the results-based management framework, the alignment of these products with the mandate and vision of UNDP, the financial implications and system functionality, aspects relating to copyright, and the costing of the product to ensure recovery of the initial cost. The strategy was not intended to follow a commercial approach but to reinforce the advocacy capacity of the country office. The country office considered that these products/services were an innovative way to transfer knowledge and contribute to building new capacities.

143. The Board noted these revenue-generating services and highlights the need for these services to be delivered in a manner consistent with the approved processes and practices of UNDP.

144. **UNDP Brazil agreed with the Board's recommendation that it consult with UNDP headquarters for policy guidance on new products and the financial implications attached to the sale of products within the United Nations context. UNDP Brazil further agreed to include all new products within the results-based management framework in order to ensure that the impact of the products is measured and their performance evaluated.**

13. Programme expenditure

145. Total programme expenditure funded from UNDP regular resources activities amounted to $959.24 million for the biennium 2004-2005 ($715.89 million in 2002-2003). Programme expenditure funded from other resources activities amounted to $5.56 billion in the biennium 2004-2005 ($4 billion in 2002-2003) and from other funds amounted to $115.7 million ($102.1 million in 2002-2003).

146. The Board, in paragraphs 83 to 115 of its previous report,[12] detailed extensively UNDP control over programme expenditure. The Board followed up on its previous recommendations and its overall conclusions for the biennium 2004-2005 were that UNDP should:

(a) Effectively control inter-agency transactions in an efficient manner and clear outstanding reconciling items;

(b) Continue efforts to follow up long-outstanding advances by finalizing the implementation of the reporting tool on Atlas and ensuring the regular monitoring of long-outstanding advances;

(c) Intensify its efforts to complete a comprehensive database to facilitate the implementation of a risk-based assessment model;

(d) Carry out its planned audit coverage of nationally executed expenditure projects, based on the criteria set out in its audit plan guidelines, and continue to address the reasons why certain nationally executed expenditure projects are not being audited by the country offices, in accordance with UNDP guidelines;

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[12] *Official Records of the General Assembly, Fifty-ninth Session, Supplement No. 5A* (A/59/5/Add.1).

(e) Continue to enforce the timely receipt of nationally executed expenditure project audit reports to facilitate the review and action plan process;

(f) Further clarify the terms of reference for project auditors and define exactly each type of audit opinion and the basis for expressing such opinion;

(g) Clearly indicate in the terms of reference for project auditors the importance of quantifying only financially related issues and not control issues, as well as the underlying cause for the financial issues being qualified;

(h) In respect of qualified, adverse and disclaimed audit opinions, disclose in the notes to the financial statements for programme expenditure the financial effect of such qualifications in order to indicate to the users of these financial statements the potential amount of funds not spent appropriately, as reported by the nationally executed expenditure project auditors;

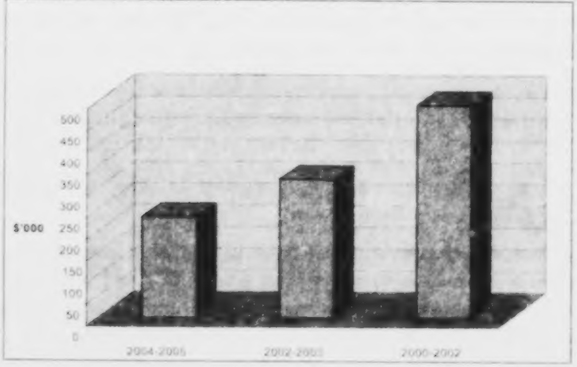
(i) Initiate strict follow-up action in respect of those country offices with only qualified nationally executed expenditure audit reports, in line with guidance provided in the United Nations Development Group simplification and harmonization resource transfer modality framework;

(j) The Board reiterates its prior recommendation that UNDP continue to devote special attention to those country offices that do not submit their follow-up action plans, and that it obtain and evaluate the reasons for non-submission. The Board further recommends that UNDP pay particular attention to collecting those action plans from country offices where all nationally executed expenditure project audit reports were qualified.

Programme expenditure incurred by United Nations executing agencies

147. Expenditure incurred by executing agencies amounted to $229 million in the biennium 2004-2005 ($315 million in 2002-2003). This represented a decrease of 27 per cent from the prior biennium.

Figure 2
Expenditure incurred by executing agents



148. The Board previously recommended[13] that UNDP develop mechanisms to control inter-agency transactions effectively and in an efficient manner, and to clear all outstanding items. The outstanding advances to agencies not using Atlas[14] amounted to $8.3 million as at 31 December 2005. The corresponding balances in the agency statements showed $7.3 million owing by UNDP, hence an accumulated difference of $15.6 million. This variance was partially attributable to timing differences. UNDP was in the process of reconciling these variances as of May 2006.

149. The Board is concerned that expenditure and advances may be misstated in the financial statements as it was not possible to verify the variance against supporting documentation. The Board is also concerned that regular reconciliations were not performed and hence discrepancies were not investigated and cleared in a timely manner.

150. **The Board reiterates its recommendation that UNDP efficiently and effectively control inter-agency transactions to clear outstanding reconciling items.**

Programme expenditure incurred by Governments

Advances: operating funds provided to Governments

151. The Board recommended previously[15] that UNDP intensify its efforts to complete the review of outstanding advances provided to Governments and non-governmental agencies and to identify amounts considered doubtful. Nationally executed expenditure advances in the biennium ended 31 December 2005 amounted to $86.542 million ($78.133 million in 2002-2003). This represented an increase of 11 per cent over the prior biennium in relation to the much higher overall increase of 21 per cent in nationally executed expenditure. Figure 3 below depicts the movement of the level of nationally executed expenditure advances since the biennium 2001-2002.

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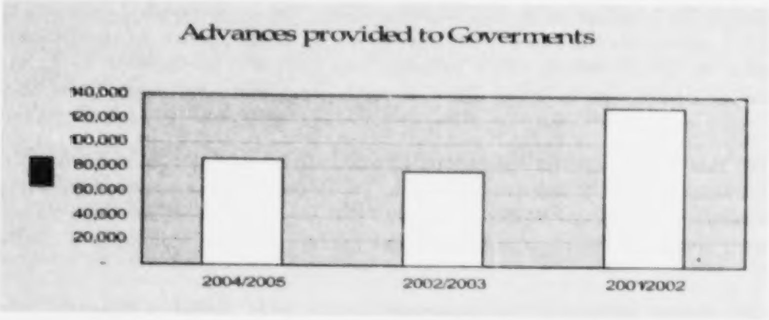
[13] Ibid., chap. II, para. 86.

[14] The agencies using Atlas are UNFPA and UNOPS.

[15] *Official Records of the General Assembly, Fifty-ninth Session, Supplement No. 5A* (A/59/5/Add.1), chap. II, para. 89.

Figure 3
Balance of nationally executed expenditure advances



152. The Board performed an analysis of the total debit (due to UNDP) and credit (due by UNDP) balances (see figs. 4 and 5 below). A high level of debit balances was an indication that funds had been transferred but no expenditure had been captured against these advances. A high level of credit balances indicated amounts that had to be reimbursed to the Government or a possible budget revision that needed to occur.

Figure 4
Advances to Governments: debit balances due to UNDP

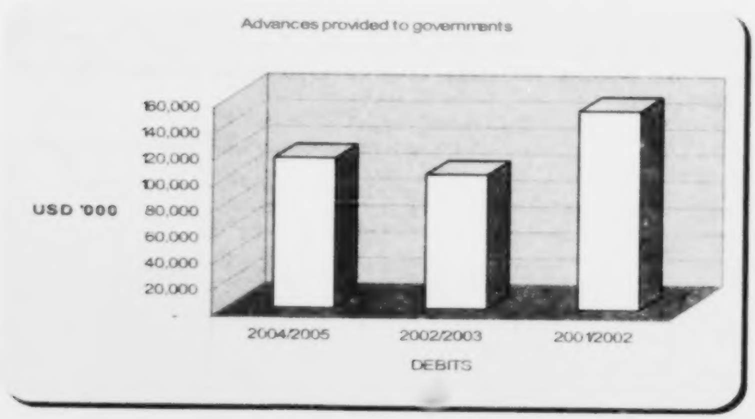
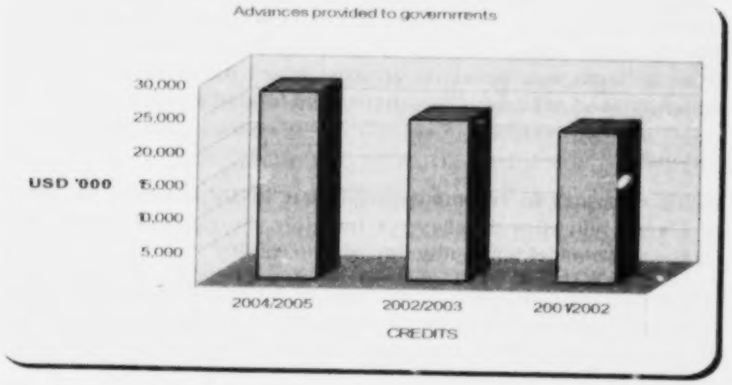


Figure 5

Advances to Governments: credit balances due by UNDP



153. No age analysis was available in Atlas but the Board noted that UNDP had initiated compensatory steps during the biennium to identify and clear long-outstanding advances. Accordingly, the Board analysed nationally executed expenditure advances (both due by and due to UNDP) exceeding $1 million to identify the level of 2003 balances still outstanding. Of the total debit balances of $33.5 million analysed, only 5.4 per cent related to 2003 closing balances. Of the total credit balances of $4.2 million analysed, 20.5 per cent related to 2003 balances.

154. **UNDP agreed with the Board's recommendation that it (a) continue efforts to follow up long-outstanding advances by finalizing the implementation of the reporting tool on Atlas; and (b) ensure the regular monitoring of long-outstanding advances.**

Nationally executed project audits

155. The UNDP Programming Manual[16] (para. 6.8) indicates that project audit is an integral part of sound financial and administrative management, and of the UNDP accountability framework. As such, UNDP administrative and programme funds were audited regularly either by supreme audit institutions or by private audit firms contracted by project management (or by UNDP at the request of the Government) and the findings reported to the UNDP Executive Board. The overall objective of the audit exercise, therefore, was to provide UNDP with assurance as to whether the resources were being properly utilized for the purposes intended.

156. The process whereby these external audits were managed was governed by paragraph 6.8.2 of the UNDP Programming Manual, which requires that all nationally managed programmes and projects be audited periodically and the audit report in respect of such programmes and projects be submitted to UNDP headquarters, Office of Audit and Performance Review via the UNDP country office by 30 April of each year.

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[16] Updated in January 2005.

Risk-based nationally executed project expenditure

157. The Board previously recommended[17] that UNDP intensify its efforts to complete a comprehensive database to facilitate the implementation of a risk-based assessment model in respect of nationally executed expenditure project audits. In respect of the biennium 2004-2005, the selection of those nationally executed projects subject to audit was based on an expenditure threshold of $100,000. However, nationally executed expenditure project audits were not undertaken using a risk-based approach and continued to be audited only on the basis of the extent of expenditure incurred.

158. **The Board reiterates its recommendation that UNDP intensify its efforts to complete a comprehensive database to facilitate the implementation of a risk-based assessment model for conducting project audits.**

159. UNDP informed the Board that the outcome of the new country office audit risk assessment model combined with the results of the more in-depth assessment of the nationally executed expenditure project audit reports would be used to establish a risk-based selection of nationally executed expenditure projects for audit.

Audit coverage of nationally executed expenditure

160. The Board recommended previously[18] that UNDP continue to explore the reasons why certain nationally executed expenditure projects were not being audited by the country offices in accordance with the current UNDP guidelines as they pertain to nationally executed project expenditure. Nationally executed expenditure projects implemented by Governments and non-governmental organizations and subject to audit amounted to $3.2 billion. Of those projects subject to audit, projects to the value of $57.3 million were not planned for audit, although required by the nationally executed expenditure audit guidelines to be audited. Project expenditure in the prior biennium that should have been audited was $24.7 million. The Board is concerned at the increase in project expenditure not audited in the biennium 2004-2005. The Board also noted that in respect of those projects actually audited, reports had still not been submitted for projects amounting to $1 billion in respect of the biennium 2004-2005. As of May 2006, nationally executed expenditure audit reports in respect of the 2005 audit process were being submitted to the Office of Audit and Performance Review on a daily basis for evaluation. The Board further noted that the Office of Audit and Performance Review was continuing to follow up outstanding audit reports in respect of the 2004 audit process.

161. **The Board reiterates its recommendation that UNDP (a) carry out its planned audit coverage of nationally executed expenditure projects based on the criteria stated in its audit plan guidelines; and (b) continue to address the reasons why certain nationally executed expenditure projects are not being audited by the country offices as required by UNDP guidelines.**

162. UNDP informed the Board that as at 30 June 2006, project audit reports not yet submitted for the biennium 2004-2005 had been reduced to $546 million. UNDP further informed the Board that $15.7 million of the $57.3 million that should have been planned for audit were subsequently exempted from audit.

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[17] *Official Records of the General Assembly, Fifty-ninth Session, Supplement No. 5A* (A/59/5/Add.1), chap. II, para. 111.

[18] Ibid., para. 107.

Reporting deadlines

163. In the terms of the UNDP Programming Manual, it is the responsibility of the country office to ensure that the audit reports are duly reviewed and are submitted to UNDP headquarters, Office of Audit and Performance Review by 30 April of each year. In respect of the 2004 audit process, an extension of the 30 April 2005 deadline was granted up to 30 June 2005 for the submission of the audit reports owing to a first financial year-end closing with a newly implemented enterprise resource planning system. The Board noted that, although the deadline had been extended by two months, only 63.65 per cent of project audit reports had been received at that date. In some instances, 2004 audit reports were received as late as in 2006.

164. As at 31 May 2006, one month past the official deadline for submission of audit reports, 59 per cent of the reports due in respect of the planned 2005 project audits had been received. The timely receipt of audit reports is crucial in facilitating the monitoring and evaluation process conducted at the country office level as well as the timely evaluation of these reports by the Office of Audit and Performance Review and hence the development of follow-up action plans.

165. **The Board recommends that UNDP continue to enforce the timely receipt of nationally executed project audit reports to facilitate the review and action plan process.**

166. UNDP informed the Board that subsequently, as at 30 June 2006, 72 per cent of the project audit reports for 2005 had been received.

Quantification of qualified audit reports

167. The Board noted that, in respect of its previous recommendation,[19] the nationally executed expenditure project auditors had quantified the financial effect of their qualified audit opinions on nationally executed expenditure. However, where qualified audit opinions were provided, it was not clear as to the exact error giving rise to the qualification and in some instances the auditors had attempted to quantify control-related issues. In other qualified audit reports, the amount of the qualification was not provided although a qualified, disclaimed or adverse audit opinion had been expressed. The Board remained concerned at the misinterpretation by the project auditors of a disclaimer or adverse opinion when assessing the underlying cause for expressing such opinion. Such quantifications serve as the primary basis for UNDP to determine the extent of the funds not utilized for the purposes intended.

168. The Board noted that, in respect of 2004 audit reports received, expenditure amounting to $33.5 million was qualified — $13 million was qualified,[20] $10 million was expressed as an adverse opinion[21] and $10.5 million was disclaimed[22] by the project auditors. These quantifications related to those audit

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[19] Ibid., para. 114.

[20] A qualified audit report refers to a report where the financial statements are not fairly presented in all material respects.

[21] An adverse opinion is one in which the misstatement is fundamentally material and the management does not agree with adjustments proposed by the auditors.

[22] A disclaimed audit opinion is one in which the auditor was unable to obtain audit evidence to support fundamentally material balances in the financial statements resulting in a scope limitation.

reports where the cause for the qualification was both clear and a reason for such qualification had been clearly summarized in the report to support the audit opinion expressed. The Board is concerned that project expenditure amounting to $33.5 million has hence possibly been inappropriately spent. A further $102.5 million was "qualified" by the nationally executed expenditure project auditors because of weaknesses in internal controls and procedures that did not have a direct financial impact or where the auditors did not specify the direct financial impact. Since project audit reports were still not submitted as of May 2006 in respect of $1 billion of funds disbursed, this amount may not be complete.

169. The Office of Audit and Performance Review analysed the 2,547 audit issues raised by the project auditors and the underlying causes. The most significant categories were summarized as follows:

(a) *Financial management (1,042 issues or 41 per cent).* Discrepancies between the combined delivery reports[23] submitted and the Atlas-generated combined delivery reports (amounting to $13.9 million, or 0.87 per cent of the total estimated nationally executed expenditure); bank reconciliations not carried out regularly; inadequate segregation of duties; lack of control over petty cash.

(b) *Record-keeping systems and controls (552 issues or 22 per cent).* Lack of supporting documentation for payments; quarterly financial reports not submitted on time; payment vouchers not approved; incomplete personnel files; incomplete or inaccurate accounting records.

(c) *Management and use of equipment (286 issues or 11 per cent).* Physical inventory incomplete or lacking; equipment not tagged; equipment used for a purpose other than for the project; no vehicle log maintained; inadequate safeguarding of assets.

170. The balance of the 667 issues (26 per cent) related to project progress and rate of delivery; procurement of goods and services; human resources selection and administration; and management structure. The Board is concerned at the large number of financial management, record keeping and control issues, as well as the underlying causes for these issues being raised as is indicated above.

171. **The Board recommends that UNDP:**

(a) **Further clarify the terms of reference for project auditors, the exact definition of the audit opinions and the basis for expressing such opinions;**

(b) **Clearly indicate in these terms of reference the importance of quantifying only financial issues and not control issues as well as the underlying cause for the financial issues being qualified; and**

(c) **In respect of qualified, adverse and disclaimed audit opinions, disclose in the notes to the financial statements for programme expenditure the financial effect of such qualifications in order to indicate to the users of these financial statements the potential amount of funds not spent appropriately as reported by the nationally executed expenditure project auditors.**

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[23] A combined delivery report is an annual summary of all programme expenditure incurred by the implementing agent in respect of the project undertaken.

Country offices issued with only qualified nationally executed expenditure project audit reports in respect of all projects audited

172. In respect of the nationally executed expenditure audit reports received from a total of 114 country offices, the Board noted that 17 of these country offices, with nationally executed programme expenditure amounting to $201.3 million, were issued with qualified audit reports in respect of all nationally executed expenditure projects implemented in the country. The amount of the qualifications in respect of the programme expenditure incurred in these countries is included in the quantifications referred to in paragraph 167 above. The Board further noted that no specific action had been taken by UNDP in respect of these countries.

173. **The Board recommends that UNDP initiate strict follow-up action in respect of those country offices where all nationally executed expenditure audit reports were qualified by taking specific action and measures in line with guidance provided in the United Nations Development Group simplification and harmonization resource transfer modality framework.**

Country office follow-up action plans

174. The Board previously recommended[24] that UNDP continue to devote special attention to those country offices that did not submit their follow-up action plans, and obtain and evaluate the reasons for non-submission. The Board further noted that in respect of the 122 country offices evaluated in the prior year audit exercise (2003), the Office of Audit Appraisal and Review had received 114 follow-up action plans (93 per cent). In respect of the 2004 nationally executed expenditure project audits, follow-up action plans had been received from 78 of the 114 country offices evaluated (68 per cent). The Board noted that of the 17 country offices issued with qualified audit reports in respect of all nationally executed expenditure projects audited, 5 had not submitted country office action plans as of May 2006.

175. The Board further recommended in its prior biennium audit report that UNDP evaluate the feasibility of extending the comprehensive audit recommendation database to include the monitoring of the status of implementation of audit recommendations made by the nationally executed expenditure project auditors. The Office of Audit and Performance Review had included a consolidated report by project and audit area, and certification by the local auditors in the terms of reference for 2005 nationally executed expenditure project audits in order to assist country offices in following up the recommendations. In respect of the 2005 nationally executed expenditure projects to be audited in 2006, the Board further noted that follow-up action plans were to be followed up and certified by the project auditors to obtain adequate assurance that necessary action had been taken by the project management.

176. **The Board reiterates its previous recommendation that UNDP continue to devote special attention to those country offices that do not submit their follow-up action plans, and obtain and evaluate the reasons for non-submission. The Board further recommends that UNDP pay particular attention to collecting those action plans from country offices where all nationally executed expenditure project audit reports were qualified.**

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[24] *Official Records of the General Assembly, Fifty-ninth Session, Supplement No. 5A* (A/59/5/Add.1), chap. II, para. 103.

177. UNDP informed the Board that, as of early July 2006, 4 of the 17 country offices with only qualified opinions had yet to submit their action plans and urgent reminders had been sent to them.

14. Programme and project management

Monitoring and evaluation

178. The *Handbook on Monitoring and Evaluation for Results*, chapter 7, "Information tools and methods", states:

> "information from monitoring provides the basis for making decisions and taking actions. In contrast, information from evaluation exercises supports the learning function more than it assists in immediate decision-making."

The Board noted during its country office audits that monitoring and evaluation of projects was undertaken to assess the achievement of predefined objectives. However, the country offices did not maintain complete portfolios of evidence to support the evaluations performed. A predefined portfolio of evidence designed at the outset of the project would facilitate project management in maintaining documentation to support evaluations against predefined objectives.

179. **The Board recommends that UNDP define and maintain adequate portfolios of evidence to support the project evaluation process.**

180. UNDP informed the Board that the evaluation policy of UNDP, which would be approved in June 2006 by the Executive Board, spelled out the standardized system for monitoring and evaluation in the organization as a whole. It required the Evaluation Office to conduct independent evaluations at the strategic, thematic and programmatic levels, as well as at country offices and regional and policy bureaux to monitor and evaluate the programmes and outcomes for which they were responsible. The results management system was now hosted in Atlas and it would permit offices to maintain a portfolio of evidence.

Project-risk management, identification of projects behind schedule and project lessons learned

181. The Board's country office audits identified areas for improvement in managing programmes and projects and enhancing project delivery and effectiveness. These observations are summarized below:

(a) While project managers had identified potential project risks, the risk-assessment process had not been formalized. The timely identification of project risks would enable project monitoring and oversight based on associated risk to be prioritized and would ultimately enhance programme delivery and outputs.

(b) The Board noted that, while some country offices had been sharing project best practices/lessons learned, this was an ad hoc process and was not systematic or formal.

(c) The Board could not obtain evidence that projects behind schedule were always formally identified and appropriately monitored.

182. **UNDP agreed with the Board's recommendation that it formalize (a) the process of project-risk identification, (b) the identification of projects behind**

schedule and (c) the establishment of a database to manage lessons learned in order to enhance project delivery and programme management.

183. The indicators established for projects were not always in accordance with the SMART principle requiring that such indicators be specific, measurable, attainable, reasonable and trackable. As these indicators were the single variables that provided the basis for assessing the achievement, change or performance of a project in achieving an intended output and outcome, it was important that these indicators adhered to the SMART principle. Deficiencies in this regard could result in inaccurate reporting of the actual performance of a project in achieving the outcomes reported in the results orientated annual report.

184. UNDP informed the Board that courses and guidance were available to improve project and programme management. Completion of these courses was expected to strengthen project management and resolve the lack of or incomplete application of the SMART principle.

185. **The Board recommends that UNDP ensure that indicators adhere to the SMART principle.**

Stakeholder inputs

186. The *Handbook on Monitoring and Evaluation for Results* requires that participation by stakeholders should be encouraged in the selection of both output and outcome indicators. However, there was no actual evidence that key stakeholders (those responsible for implementation of the project) had been consistently involved in the selection of indicators for project documentation and strategic planning purposes.

187. **UNDP agreed with the Board's recommendation that country offices consistently involve stakeholders in the selection of indicators in order to promote ownership and responsibility.**

Financial expenditure versus technical implementation

188. The Board previously recommended[25] that UNDP (a) provide guidance to country offices on monitoring the correlation between reported expenditures and the level of project implementation; and (b) monitor technical implementation in comparison to financial implementation at the performance indicator level using a weighted average aggregate technical implementation rate based on a feasibility study.

189. The Board noted that, in respect of projects reviewed at the Ecuador, Panama, Yemen and Cambodia country offices, the level of physical/technical implementation varied, sometimes significantly, between the different performance indicators within projects. This may indicate that linkages between the individual performance targets and the overall project objective were not appropriately designed. Unlike physical/technical implementation, financial implementation was not measured at a disaggregated level by performance indicators. Therefore, actual comparison of financial versus physical/technical implementation at the indicator level was difficult to determine. Furthermore, the performance indicators were not

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[25] Ibid., para. 303.

weighted, which meant that calculating an aggregate technical implementation rate to compare to the aggregate financial implementation rate was also not possible.

190. **UNDP agreed with the Board's reiterated recommendation that it (a) provide guidance to country offices on monitoring the correlation between reported expenditures and the level of project implementation; and (b) improve its performance measurement process to monitor technical implementation in comparison to financial implementation at the performance indicator level using a weighted average aggregate technical implementation rate, based on a feasibility analysis.**

191. UNDP informed the Board that guidance had been provided in the Results Management Guide.

Programme cost recovery at country offices

192. The UNDP Executive Board, in its decision 98/2 of 23 January 1998, requested that when UNDP developed, implemented and managed activities funded by non-core resources in an integrated, transparent, flexible and accountable manner, the additional costs resulting from non-core funded activities be fully recovered. The policy on programme cost recovery reflected two types of recovery that were applied, namely general management support and implementation support services.

193. General management support and implementation support services fees recovered for the biennium 2004-2005 totalled $182.3 million and $30.9 million respectively. There was a total increase of 66 per cent in programme costs recovered from 2004 to 2005. For the year 2005, general management support fees recovered constituted 86 per cent of total fees recovered (for 2004, 85 per cent of the total fees).

194. The UNDP Balanced Scorecard for country offices included a measure for programme support costs. The country offices were only measured for the year 2005 as a grace period was provided to them during 2004 to allow them sufficient time to implement the policy. The measure was divided into two separate sections:

(a) Costs recovered from country programme cost-sharing, with a set target of 3 per cent for all country offices. The Board noted that 107 of the 136 country offices had achieved the target of 3 per cent;

(b) Costs recovered from trust funds and third-party cost-sharing, with a set target of 5 per cent for all country offices. The Board noted that only 40 of the 136 country offices had achieved the target of 5 per cent.

195. The Office of Planning and Budgeting indicated that in addition to the Balanced Scorecard several tools had been introduced during 2005 to assist country offices in monitoring and remedying policy exceptions, such as the extrabudgetary status report and the general management support exception report. The effect of country offices not reaching their set income targets may result in UNDP not being able to recover the full costs incurred in terms of other resource-funded programmes.

196. The Office of Planning and Budgeting informed the Board that it intended to continue monitoring policy compliance closely and assist country offices to take remedial steps as necessary. It also indicated that, during 2005, a policy compliance

analysis was carried out by extracting two cost recovery indicators from the Balanced Scorecard and compiling them into a "general management support dashboard". This oversight tool was subsequently shared with each of the regional bureaux in order to gain insight as to the reasons why certain policy targets were not met.

197. **UNDP agreed with the Board's recommendation that it address the reasons for some country offices not meeting their income targets set for programme cost recovery.**

State offices

198. During the biennium 2004-2005, UNDP Brazil set up five state offices in the provinces of Bahia, Mato Grosso do Sol, Santa Catarina, Paraiba and Amazonas upon the request of the Government. This was in line with the country office objective of decentralizing at a strategic level. The main purpose of setting up the state offices was to encourage more interaction with the state government and the municipalities. The state offices were to create an environment for identifying areas where projects would be undertaken and to offer a closer relationship with ongoing project managers. The country office had performed a needs assessment to identify the possibility of undertaking projects and the volume of projects and a decision had been made to open up a state office where justified.

199. The offices were started with minimal cost to UNDP, owing to a significant portion of the infrastructure, furniture and equipment being contributed by the Government. The country office had appointed two special advisors to monitor, control and offer support to the state offices in the areas of strategic alignment, supervision, training and guidance. The estimated programme costs of projects managed by each of the state offices were as follows for the biennium 2004-2005:

Table II.10
Programme costs of the state offices in Brazil

State office	*Total budget (United States dollars)*
Amazonas	2 973 962
Bahia	39 257 257
Mato Grosso do Sol	29 588 861
Paraiba	65 794 500
Santa Catarina	7 431 268
Total	**145 045 848**

200. The country office was planning to open two further offices in Sao Paulo and Rio de Janeiro. While the other state offices had been opened for approximately 18 months, there had not been a formal evaluation of their success/failures. Further, the country office had not liaised with headquarters with respect to policy documentation or guidance on the workings of state offices.

201. UNICEF Brazil had also established four state offices and the country office was looking into the prospects for common offices at a state level. The country

office informed the Board that it considered it to be too early to perform a formal evaluation of the UNDP state offices' performance. A more conservative approach had been adopted towards the opening of other state offices. Broad and formal evaluation would be undertaken in the near future.

202. **UNDP agreed with the Board's recommendation that, in consultation with the country office, it develop formal guidance on the workings of state offices, including the sharing of experiences on similar operations at other country offices.**

15. Inter-agency coordination

203. In his report entitled "Renewing the United Nations: A programme for reform" (A/51/950), the Secretary-General stated that sustainable development, post-conflict peacebuilding, emergency relief operations, the link between humanitarian assistance and development coordination were some of the policy concerns that cut across both sectoral and institutional boundaries. The Secretary-General further stated:

> "The implications of this change for the United Nations are clear: future success hinges on its ability to achieve a unity of purpose among its diverse departments, funds and programmes, enabling it to act coherently and deploy its resources strategically. In addition, alliances and partnerships with the specialized agencies and other organizations must become part of normal organizational routine ... The United Nations does its work at the country level, collaborating with Governments and non-governmental organizations ... All too often, the separate United Nations entities involved in these activities pursue their activities separately, without regard to or benefiting from one another's presence. The greater unity of purpose and coherence in performance ... must also be reflected in the field."

The Secretary-General also called for a more integrated and unified United Nations, both at Headquarters and in the field.

204. The United Nations Development Group was established in 1997 with the objective of facilitating joint policy formation and decision-making, encouraging programmatic cooperation and realizing management efficiencies. It was also intended to bring about change at the regional and country office levels, where all United Nations programmes would be integrated within a United Nations Development Assistance Framework. The current membership of the United Nations Development Group consists of 25 United Nations funds, programmes, departments and specialized agencies, and five observers, including the World Bank. Of these, four agencies (UNDP, UNFPA, the United Nations Children's Fund (UNICEF) and the World Food Programme (WFP)) make up the Executive Committee of the United Nations Development Group. The Administrator of UNDP was entrusted by the Secretary-General with chairing the United Nations Development Group.

205. The outcome document (A/60/1) adopted by global leaders at the 2005 World Summit in New York called on the Secretary-General to launch work to further strengthen the management and coordination of United Nations operational activities. Responding to that call, the Secretary-General established in February 2006 a high-level panel to explore how the United Nations system could work more coherently and effectively across the world in the areas of development,

humanitarian assistance and the environment. The study was intended to lay the groundwork for a fundamental restructuring of United Nations operational work, complementing other major reform initiatives currently under way at the United Nations.

206. Accordingly, the Board reviewed inter-agency coordination during 2005, limiting its coverage to the following aspects: the compilation of the common country assessments and the United Nations Development Assistance Frameworks; the resident coordinator system; the joint office initiative; the Inter-Agency Procurement Services Office; and common premises and services. The Board anticipated that it would continue to focus on these and other related issues during future audits in the context of the development of the study being undertaken by the high-level panel established by the Secretary-General and of other initiatives for improved harmonization undertaken by the United Nations Development Group. In summary, in this first phase of its review of inter-agency coordination, the Board noted that:

(a) For a sample of countries' United Nations Development Assistance Frameworks reviewed, national priorities were not linked or referenced to specific Millennium Development Goals;

(b) In the United Nations Development Assistance Framework results matrix, the national priorities relating to the United Nations Development Assistance Framework outcomes were not always identified, as required by the guidelines;

(c) Owing to the Russian Federation not accepting the common country assessment, the United Nations Development Assistance Framework for the Russian Federation was not compiled;

(d) The next programmatic cycle for UNICEF and UNFPA (2006-2010) did not correlate to the UNDP cycle (2004-2007) in the Russian Federation, which was also causing some difficulties in compiling the United Nations Development Assistance Framework;

(e) The Yemen country office did not formally monitor and evaluate the United Nations Development Assistance Framework;

(f) UNDP Yemen did not formally compare notes on past, present, and future implementing partners with other agencies;

(g) As part of the United Nations reform, UNDP has introduced country directors to enhance the effectiveness of the resident coordinator system;

(h) Although certain training had been provided to resident coordinators, there were no continuous training interventions;

(i) Performance appraisal of the resident coordinators did not indicate how the assessment results would be filtered into training programmes for areas identified for development during the assessment;

(j) Although lessons learned with regard to the resident coordinator system were maintained on the United Nations Development Group intranet, insufficient information was supplied;

(k) Owing to the responsibility for funding, planning, budgeting and reporting still being an agency-specific issue, aggregation of information to the United Nations level would either not be possible or require extensive manual intervention;

(l) A documented policy or guideline was not in place prescribing the basis for the allocation of funds to country offices to ensure that funds were allocated effectively, thus enabling the country offices to meet the set objectives in a cohesive and transparent manner;

(m) The pilot project for a joint office had commenced in Cape Verde on 1 January 2006, as scheduled;

(n) There was no clear formalized process or directive to ensure that country-office inter-agency coordination and cooperation properly extended to procurement, although synergies in this area could lead to significant savings and efficiencies;

(o) The "lead agency" initiative had resulted in benefits and prevention of overlap for the procurement of commodities. However, there had been no further collaboration efforts in this regard beyond the pre-qualification of vendors;

(p) A challenge to inter-agency collaboration was the limited ability of United Nations agencies to determine fairly their procurement processing costs, whereas the Inter-Agency Procurement Services Office was able to determine its costs by applying an activity-based costing methodology;

(q) There were 60 officially designated United Nations Houses established worldwide as of May 2006;

(r) There were no data indicating where United Nations Houses were a feasible option or target dates for establishing such United Nations Houses;

(s) Five of the 12 UNDP country offices visited did not have updated and signed memorandums of understanding between UNDP and other agencies for common premises and, in certain instances, for common services;

(t) The country offices operational guidelines defining the responsibilities of UNDP headquarters and country offices with regard to the implementation of the memorandums of understanding were still in draft form and were being circulated for input as of April 2006;

(u) The available resources of $1.632 million appeared to be inadequate to complete the roll-out of the common services programme;

(v) The roll-out of the common services management system was planned to be completed in the third quarter of 2006. However, as of April 2006, not much progress had been made in respect of the roll-out of the system;

(w) In Panama, as of May 2005, the common services expert had not been utilized in the areas of identification of common services and providing assistance and expertise required in this regard. At the Yemen country office, a common services expert had not yet been assigned to identify areas for common services and to provide assistance and expertise required in this regard;

(x) An effective means of reducing costs and increasing the efficiency and coordination of United Nations operations could be the use of a common list of vendors.

United Nations Development Assistance Framework

207. The United Nations Development Group compiled guidelines to facilitate among other things the compilation of common country assessments[26] and United Nations Development Assistant Frameworks[27] (UNDAFs). In accordance with these guidelines for United Nations country teams, issued in October 2003, the UNDAF should be completed on or before December of the penultimate year of the current programming cycle and signed by no later than 31 March in the final year of the current programming cycle. This gives agencies adequate time to work on their draft country procurement document between November of the penultimate year and February of the last year of the programming cycle.

208. The Secretary-General has stated that

> "The United Nations Development Assistance Framework should identify a clear set of strategic objectives and define the specific assistance that each United Nations entity must give to help our national partners achieve the [Millennium Development] Goals and meet their broader development needs. Governments and the United Nations itself can then use this 'results matrix' to monitor and assess the performance of the United Nations system at the country level and hold its representatives accountable." (A/59/2005)

209. According to the guidance provided on drafting an UNDAF, selected national goals or targets should relate to specific Millennium Development Goals and/or other commitments, goals and targets of the United Nations Millennium Declaration and international conferences, summits, conventions and human rights instruments and monitoring mechanisms of the United Nations system. For a sample of countries' UNDAFs reviewed, national priorities were not linked or referenced to specific Millennium Development Goals. The national priorities relating to the UNDAF outcomes were not always identified in the UNDAF results matrix, as required by the guideline. This would make any kind of aggregation of results difficult. For the UNDAFs to be an effective monitoring and accountability tool, a clear relationship should also be possible between outcomes for similar priorities.

210. **UNDP agreed with the Boards' recommendation that, in consultation with the United Nations Development Group, it ensure that the UNDAFs are compiled in accordance with the guidelines issued, in order to facilitate a consistent assessment of the United Nations performance at the country level.**

Russian Federation

211. Work on the common country assessment for the Russian Federation began initially in December 2000, following an agreement by the United Nations country team to prepare a common country assessment that would take stock of the development situation in the Russian Federation. The data collection process, which involved accessing the various databases located in government departments and those of other partners and collecting relevant materials and documents, was

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[26] A country-based process for reviewing and analysing the national development situation and identifying key issues as a basis for advocacy, policy dialogue and preparation of the United Nations Development Assistance Framework.

[27] A planning and resources framework for the country programmes and projects of agencies in the United Nations system. It is developed on the basis of analysis of the common country assessment.

finalized in the first quarter of 2001. The common country assessment was presented to the Government of the Russian Federation in 2002 but was not accepted by the Government since it was of the view that there had been inadequate consultation with it before the common country assessment was finalized.

212. As a result, the UNDAF for the Russian Federation was not compiled. Almost two years later, at the March 2004 United Nations country team meeting, the Resident Coordinator reiterated the need to return to the preparation/revision of the common country assessment with the Government's involvement and buy-in. The Resident Coordinator also indicated that the idea of an UNDAF for the Russian Federation for 2005 was also worth discussing further. However, by March 2006, a further two years later, a revised common country assessment and UNDAF were not in place for the Russian Federation.

213. Although, there was no overall UNDAF in place, some joint initiatives were undertaken. The first attempts to launch joint programming without the common country assessment/UNDAF were made in 2004 for the Tver and the North Caucasus joint intervention. An inter-agency transitional work plan for the North Caucasus, compiled for the year 2006, presented an expanded framework for the humanitarian operation previously coordinated under the United Nations Consolidated Inter-agency Appeal process. Participating United Nations agencies, as well as international and local non-governmental organizations, approached the issue of the recovery of the North Caucasus with a set of agreed principles, the first of which was to ensure continued humanitarian aid, based on needs for the next few years. Also, an overall joint United Nations strategy in support of the national HIV/AIDS response was developed for 2006-2007 and was coordinated by UNAIDS.

214. The Board is cognizant of the compensating measures taken by UNDP, however, it is of the view that the development of an overall common country assessment/UNDAF requires further persuasion of the Government of the Russian Federation. This view is held on the basis that the Secretary-General's reform package endorsed by the General Assembly included the compilation of common country assessments and UNDAFs in the context of the initiatives being undertaken to harmonize United Nations system-wide operations in a country.

215. **UNDP Russian Federation agreed with the Board's recommendation that, in coordination with the United Nations country team, it pursue its efforts with regard to the formulation and implementation of an overall UNDAF for the Russian Federation.**

216. The Board also noted that the next programmatic cycle for UNICEF and UNFPA (2006-2010) did not correlate with the UNDP cycle (2004-2007) in the Russian Federation, which was also causing some difficulties in compiling the UNDAF.

217. The Board recommends that UNDP Russian Federation, in consultation with UNDP headquarters and the United Nations Development Group, harmonize programmatic cycles between the various United Nations agencies in the country.

Brazil

218. The common country assessment for Brazil was formulated with the involvement of all 19 United Nations and related agencies in Brazil and was

finalized in August 2005. The Government of Brazil was involved in a common country assessment orientation workshop for the identification of potential development areas. The Government had, moreover, been involved in the drafting of the UNDAF.

219. The United Nations country team had drafted a five-year Millennium Development Goals-based plan in line with the most vital issues defined in the common country assessment, national priorities and the Millennium Development Goals. The United Nations country team had established seven theme groups in the areas of the Millennium Development Goals, HIV/AIDS, gender and race, urban violence and crime prevention, the common country assessment-UNDAF, an operations management team and communications.

220. The UNDAF was in the process of being finalized and approved and the country office was planning to submit it to the Government for approval and signing. The total resources to be mobilized to support the UNDAF strategies during the five-year period 2007-2011 were estimated to be $203 million. The country office requested from the United Nations Development Group, and was granted, an extension of the time limit for the submission of the UNDAF to February 2006 and for the submission of the country programme documents to May 2006.

Yemen

221. UNDP Yemen, in coordination with other United Nations agencies had adopted the common country assessment and the UNDAF as strategic tools for United Nations operations in Yemen. UNDP Yemen had a five-year Millennium Development Goal-based development plan that had been formulated on the basis of a needs assessment. However, the country office informed the Board that monitoring and evaluation of the UNDAF was done informally with UNDP headquarters.

222. **The Board recommends that UNDP formalize the process for monitoring and evaluating the UNDAF, in consultation with the United Nations country teams, the Resident Coordinators and the appropriate Regional Bureau.**

223. UNDP informed the Board that it was working with the United Nations Evaluation Group to review and revise the guidelines for the monitoring and evaluation of the UNDAF. The new guidelines would be issued early in 2007.

224. UNDP Yemen did not formally compare notes on past, present and future implementing partners with other agencies. Informal comparisons of implementing partners did take place with both donors and other United Nations agencies at donor meetings, programme steering committee meetings and United Nations country team meetings. In addition, under the United Nations joint programme whereby all United Nations agencies worked together, United Nations agencies met regularly in the context of the United Nations Core Group of Multilateral Agencies to discuss progress on the joint programme and the role of the implementing partners.

225. **UNDP agreed with the Board's recommendation that it facilitate the formal comparison of implementing partners with other agencies.**

226. UNDP informed the Board that under the harmonization of cash advances transfers initiative, United Nations country teams were required to jointly review implementation partners. This approach would be introduced in all countries by mid-2007.

Resident coordinator system

227. The resident coordinator system encompasses all organizations of the United Nations system dealing with operational activities for development, regardless of their formal presence in the country. The resident coordinator system aims to bring together the various United Nations agencies to improve the efficiency and effectiveness of operational activities at the country level. Resident coordinators, who are funded and managed by UNDP, lead United Nations country teams in more than 130 countries and are the designated representatives of the Secretary-General for development operations. Working closely with Governments, resident coordinators and country teams advocate the interests and mandates of the United Nations, drawing on the support and guidance of the entire United Nations family.[28]

Country directors

228. UNDP has a critical role in leading the United Nations agencies through the management and sponsorship of the resident coordinator system. The General Assembly, in its resolution 59/250, reaffirmed that the resident coordinator system had a key role to play in the effective functioning of the United Nations system at the country level.

229. As part of the reform of the United Nations, UNDP has introduced country directors to enhance the effectiveness of the resident coordinator system. Country director posts were established in countries where the resident coordinators/resident representative were taking on a growing number of additional complex responsibilities.

230. Under delegated authority from the resident coordinators/resident representative, the country director would be responsible for the day-to-day management of UNDP in a country. The country director would assume overall responsibility for, and coordination of, the operational and programmatic activities of UNDP in order to allow the resident coordinators/resident representative to devote more time to and to focus on managing effectively the United Nations country team's activities. The country director would report to the UNDP resident representative. The establishment of a country director results in a more effective resident coordinator function, which ultimately strengthens the effectiveness of inter-agency coordination.

231. The following are the main functions of the country director:

(a) Coordination and strategic direction of the UNDP programme;

(b) Management of the UNDP programme and operations, including effective application of results-based management tools, and financial and human resource management;

(c) Provision of support to and the coordination of common services;

(d) Ensuring the Security of UNDP staff and premises;

(e) Partnership building and resource mobilization for UNDP.

232. Country directors were appointed in 13 countries, namely, Afghanistan, Burundi, Côte d'Ivoire, the Democratic Republic of the Congo, Haiti, Indonesia,

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[28] www.undg.org/content.cfm?id=421

Iraq, Liberia, Sierra Leone, Somalia, Sri Lanka, the Sudan and Timor-Leste. These were all countries (referred to as Tier 1 countries) where the Resident Representative/Resident Coordinator was serving as the Deputy Special Representative of the Secretary-General or was taking on a growing number of additional complex responsibilities, such as humanitarian coordination.

233. In order to expand the modality to countries with large country teams and programmes and a complex coordination/development situation, the UNDP Administrator had requested the support of UNDP donors to fund 40 country directors from extrabudgetary resources. During the biennium 2006-2007, UNDP intended to fund seven country directors and the related operating costs from regular budget resources for a total amount of $4.5 million.

Training of resident coordinators

234. Although certain training had been provided to resident coordinators, there was no continuous training programme. The United Nations Development Group Office planned to launch a pilot project on the training of resident coordinators on the United Nations system, mandates and roles by the fourth quarter of 2006. This would also involve representatives of other agencies.

235. A first-time induction course for resident coordinators and resident representatives was planned to be rolled out by the United Nations System Staff College. Two pilot courses were scheduled for September and October 2006. The following were the draft objectives of the induction course:

(a) Overall objective — to create a common learning and management culture among senior managers within the United Nations system at the country level;

(b) Knowledge objectives — to make sure that United Nations country team members manage more effectively the complexity of United Nations interventions; understand their role as members of the United Nations country team in developing a common United Nations strategy at the country level with clear and actionable results and in developing programmes together; understand the key implications for the United Nations system of Millennium Development Goal-driven programming and United Nations agency mandates and operational modalities; and understand senior leaders' roles and responsibilities in upholding United Nations values and ethics, managing meetings, teams and people and respecting basic protocol requirements;

(c) Skills and competency objectives — to improve skill in leading/facilitating teams and skill in communicating with the media (including advocacy).

236. **The Board recommends that the United Nations Development Group Office and other role players develop and implement an effective ongoing training programme for resident coordinators to ensure that their needs are appropriately addressed.**

Resident coordinator assessment system

237. The United Nations Development Group Office had envisioned a new assessment system for resident coordinators whereby they would be assessed on

results against plans and on behaviours in the resident coordinator/humanitarian coordinator competency areas, derived from the resident coordinator/humanitarian coordinator annual report and the team self-assessment (180-degree tool). Regional directors' teams, with support from the United Nations Development Group Office, would consolidate these two sets of information into a combined assessment, which, together with the UNDP resident representative assessment, would lead to one combined resident coordinator/humanitarian coordinator/designated official/resident representative team leader rating. The United Nations Development Group Office anticipated roll-out of the full system by 2007. However, the Resident Coordinator/Humanitarian Coordinator Accountability Framework: Performance Appraisal of the Resident Coordinator did not indicate how the assessment results would be filtered into training programmes for areas identified for development during the assessment.

238. **The Board recommends that UNDGO develop training programmes on areas identified during the assessment process for resident coordinators.**

Lessons learned

239. Lessons learned with regard to the resident coordinator system were maintained on the United Nations Development Group intranet, where there was currently an "open mailbox" of past discussions of the Coordination Practice Network. However, the information was inadequate. The information on the United Nations Development Group intranet on lessons learned with regard to the resident coordinator system had not been updated since October 2005. The effectiveness of tasks carried out at all levels may be negatively affected by not maintaining an updated, easily accessible database of lessons learned that communicates good practices that work in a timely manner. The United Nations Development Group Office informed the Board that it would accelerate the collection of good practices and would make them more readily available by revamping the lessons learned page on its website by the end of the third quarter of 2006.

240. **UNDGO agreed with the Board's recommendation that it continue its efforts to implement within the planned time frame the database of lessons learned for resident coordinators.**

Funding

241. The Secretary-General, in his report entitled "In larger freedom: towards development, security and human rights for all", stated that at every stage of United Nations activities, the senior United Nations official present in any given country — special representative, resident coordinator or humanitarian coordinator — should have the authority and resources necessary to manage an integrated United Nations mission or "country presence" so that the United Nations can truly function as one integrated entity (A/59/2005, para. 198). While the processes of inter-agency coordination are becoming more visible within the United Nations system, the responsibility for funding, planning, budgeting and reporting is still an agency-specific issue. This means that unless harmonization of such processes occurs at the country level, aggregation of information at the United Nations level would either not be possible or require extensive manual intervention.

242. The principles of results-based management and budgeting for the United Nations inherently include several other elements, such as indicators, measures,

targets, goals, outputs and outcomes. The interpretations of these terms were not always clearly and consistently understood by different agencies and could lead to confusion and different analysis of data by agencies.

243. **The Board recommends that the UNDP, in consultation with the United Nations Development Group, consider harmonizing the processes of agencies in respect of funding, planning, budgeting and reporting at the country level.**

244. UNDP informed the Board that it was reviewing its long-term planning system, the multi-year funding framework, including country-level planning and reporting. At the same time, UNDP was working with UNFPA and UNICEF to develop a harmonized results-based budgeting system. The United Nations Development Group Office was working with UNDP and the other agencies to ensure that these initiatives culminate in the introduction of a harmonized system for results-based planning, budgeting and reporting that will facilitate the resident coordinators in their role of reporting on progress made towards the UNDAF.

245. An amount of $13.5 million was provided by UNDP to the United Nations Development Group Office for allocation to the various country teams. The United Nations Development Group Office allocated additional funds to certain country offices based on the situation in the country. The additional funds were derived from UNDGO donors. The budgets were prepared by the country offices based on their individual workplans that were submitted to the geographical focal points of each region. These focal points identified what amount was requested and determined the amount to be allocated.

246. The budget allocations by the geographical focal points were judgemental and subjective as no written guideline was available to define the criteria for allocation. A documented policy or guideline prescribing the basis for the allocation of funds to country offices would be useful. It would ensure that funds are allocated effectively, thus enabling the country offices to meet the set objectives in a cohesive and transparent manner.

247. The United Nations Development Group Office informed the Board that among the factors that had been considered by the focal points were the merit of the workplan submitted; past-period delivery; the situation in the country; and implementation of a common country assessment and UNDAF (for which an additional $20,000 was granted, while an additional $10,000 was provided to those country offices that had implemented a country programme action plan).

248. **The United Nations Development Group Office agreed with the Board's recommendation that it develop and implement a guideline that prescribes the allocation of funds to country offices for inter-agency coordination.**

249. The United Nations Development Group Office informed the Board that this guideline was expected to be completed by the end of 2006.

Joint offices

250. In his report entitled "Strengthening of the United Nations: an agenda for further change", the Secretary-General stated:

> "While we need to preserve the distinctive contribution of each United Nations agency, we should nonetheless explore different forms of United Nations presence at the national level. For example, in countries in which United

> Nations financial and human resources are small, agencies, funds and programmes could establish a joint office. In agreement with the host Government, a common programme would be established, for which the United Nations would pool staff in a single office." (A/57/387, para. 120)

251. A joint office would have one common country programme and a unified office with a common set of business processes. It would combine the activities of the agencies' programmes and implement the activities in an integrated manner. The joint office would use the business processes of one agency to manage the resources and the programmes, as a unified set of business processes has not been developed. A joint office would have one representative for the following four agencies: UNDP, UNFPA, UNICEF and WFP. The resident representative covering all four agencies would be the delegated authority. The resident coordinator would also be the resident representative.

252. The United Nations Development Group Executive Committee considered potential opportunities for going beyond the sharing of administrative systems and services, and examined the feasibility of establishing a joint office in countries where the funds' and programmes' presence was small and where their involvement would not justify, particularly from a financial perspective, a traditional full-scale presence.

253. The Board noted that the pilot project for the joint office had commenced in Cape Verde on 1 January 2006, as scheduled. The common country programme for Cape Verde had been prepared in accordance with General Assembly resolution 59/250 of 22 December 2004. The Guyana country office was the second country office nominated for the joint office pilot project. In addition, the Government of Viet Nam had shown interest in implementing the joint office principle. The United Nations Development Group Office envisaged that the joint office principle would be rolled out to 10 country offices within two years, after the pilot projects had been completed.

254. A support agency model was adopted as an interim joint office model, whereby externally the office would be one United Nations office, but internally it would use the business processes of one of the four agencies. The Board noted that different enterprise resource planning systems, which supported business processes, could be an impediment in this regard, as well as the fact that some agencies not yet rolled out their enterprise resource planning systems to country offices. The ultimate aim was to have a truly unified joint office that was not aligned with a particular agency but, rather, was neutral, with unified business processes, rules and regulations, and a clear system of governance.

255. As UNDP was the support agency for the joint office in Cape Verde, its policies, procedures and systems were used. For procurement, the agreement was that UNDP procurement procedures would be followed in general, except for the procurement of some specialized items, where a relevant agency would be subcontracted by UNDP to procure goods. Examples would include UNICEF for vaccines and WFP for food.

256. The Board noted areas of the joint office principle that had created difficulties, such as budgeting and release of agencies' funds, as well as reporting, including financial reporting, by the joint office to the participating agencies. A joint meeting of the executive boards was held on 23 January 2006, to discuss "Simplification and

harmonization of the programming process: the Cape Verde experience". During this meeting, it was noted that the joint office project would not have been possible without the commitment and full support of the Government of Cape Verde, the United Nations Development Group Office, all four of the Executive Committee agencies, as well as the regional directors. Lessons learned were also identified and included the need for the following:

(a) A coherent UNDAF as the starting point;

(b) The commitment of the four Executive Committee agencies to create a country programme document to implement the UNDAF;

(c) Support by regional offices and quality control by headquarters and the regional offices to complement in-house expertise;

(d) Consistent policy dialogue between the Government and the United Nations country team;

(e) Minimizing the number of outcomes of the common country programme action plan to develop the common annual workplans;

(f) Clear guidelines from the inter-agency programming working group at headquarters to enable the United Nations country team to develop both the country programme action plan and the annual workplans;

(g) Understanding by the United Nations country team of the various legal and procedural implications in formulating the common country programme action plan and annual workplans;

(h) Ensuring that the value-added, mandate and expertise of each agency stands out;

(i) Reducing transaction costs between the United Nations country team and national partners.

257. In addition to the above, the following were identified, which could simplify the process for future exercises in other countries:

(a) Using the guidelines provided by headquarters for Cape Verde for other United Nations country teams;

(b) Continuing to benefit from United Nations Development Group Office support;

(c) Minimizing meetings between the United Nations country team and national partners;

(d) Expanding the common country programme document process to involve all United Nations agencies — resident and non-resident;

(e) Ensuring full consultation between the hierarchies of the four agencies to facilitate the clearance and approval process for the common programme and its budget.

258. **The Board encourages UNDP, in conjunction with other agencies, to continue to pursue the joint office efforts.**

259. UNDP informed the Board that it would continue with its efforts to move the joint office initiative forward together with the other members of the inter-agency

working group, including addressing the issues that arose in the first pilot initiative. The lessons from Cape Verde would be used to improve the model for similar very small operations and would be very useful in informing models suitable for larger operations like that in Viet Nam. UNDP had committed itself to supporting the establishment of 20 joint offices by the end of 2007.

Inter-Agency Procurement Services Office

260. The Inter-Agency Procurement Working Group was established in 1976 as one of the first inter-agency coordination mechanisms. It is a forum for chief procurement officers in the United Nations system to promote coordination and share practices. It meets annually and the minutes of the meetings are shared on its website.[29] The Inter-Agency Procurement Services Office (IAPSO), which also has a mandate to promote inter-agency coordination as part of its research and development activities, serves as the secretariat of the Inter-Agency Procurement Working Group. IAPSO covers its costs from surplus income generated from its procurement business. The Board has not reviewed the Inter-Agency Procurement Working Group, although the Joint Inspection Unit (JIU) did so in 2004 (see JIU/REP/2004/9).

261. The Board focused more on the impact of the meetings of the Inter-Agency Procurement Working Group on the Inter-Agency Procurement Services Office and its further efforts to promote coordination since the Board considered the Inter-Agency Procurement Services Office as a good case study in its review of inter-agency coordination. Many of the Board's observations in the paragraphs below address symptoms typical of the general challenges to effective inter-agency coordination, such as lack of clarity on mandates, competition among agencies, lack of costing methodologies and different processing systems.

262. The Inter-Agency Procurement Services Office was well positioned to further coordinate efforts in the United Nations system in the area of procurement. However, in reality, procurement coordination was driven by the Inter-Agency Procurement Working Group agenda. The Inter-Agency Procurement Services Office acted on decisions of the Working Group, as did all the other participants in the Working Group, rather than taking a proactive leadership role in this area.

263. The Inter-Agency Procurement Working Group has made a number of notable contributions to the promotion of inter-agency coordination. However, as a forum of experts, it did not have the mandate to lead inter-agency coordination and cooperation authoritatively and relied heavily on the voluntary commitment of participants at the meetings. On the other hand, the implementation of key decisions derived from the Working Group's meetings could have a significant impact on the respective organizations' operations. In this regard, JIU had recommended that the mandate of the Inter-Agency Procurement Working Group be clarified by the General Assembly.[30]

264. There was clarity on leadership responsibility for inter-agency coordination at the country office level in the form of the established resident coordinator system. However, there were no formalized processes or directives to ensure that country office inter-agency coordination and cooperation properly extended to procurement.

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[29] www.iapwg.org.

[30] JIU/REP/2004/9, para. 51.

Synergies in this area could lead to significant savings and efficiency. The Inter-Agency Procurement Services Office could have a key role in supporting the resident coordinators in this regard and indicated that it remained available to do so. However, it did not have any plans to become proactively involved in this process. For example, it had not systematically provided formal guidance on promoting procurement coordination and collaboration at the country office level.

265. The Board is of the view that the Inter-Agency Procurement Services Office is well positioned to provide clear guidance to country offices on concrete ways to promoting inter-agency coordination and cooperation and to disseminate lessons learned on a regular basis through the resident coordinator system. IAPSO indicated that while it would be useful for it to play this role, the problem was how to fund the activity. The Inter-Agency Procurement Services Office furthermore indicated that it did not generate sufficient profit both to perform the Inter-Agency Procurement Working Group secretariat role and to provide support to the resident coordinator function. The Inter-Agency Procurement Services Office also indicated that it would require a mandate from UNDP to take on a role in facilitating procurement coordination via the resident coordinator function and to have a funding source to support this activity.

266. **UNDP/IAPSO agreed with the Board's recommendation that, in conjunction with UNDP, it evaluate measures to proactively support resident coordinators with regard to inter-agency collaboration at the country office level in respect of procurement.**

267. Several collaborative initiatives emanating from the Inter-Agency Procurement Working Group have directly or indirectly involved the Inter-Agency Procurement Services Office. In 2004, the Inter-Agency Procurement Services Office was directly tasked with providing a platform for communication of long-term agreements and other purchasing information.[31] It had done so, although the platform had yet to be fully populated[32] at the time of the audit. However, it seemed that the key strength of the Inter-Agency Procurement Services Office lay in its ability to share its good practices and technological innovation with other United Nations agencies (The United Nations Web Buy system and the United Nations Global Marketplace[33] were examples of this). At the May 2005 meeting of the Inter-Agency Procurement Working Group, it was decided that all the organizations should commit themselves to having the United Nations Global Marketplace as their sole procurement portal as soon as possible.

268. **The UNDP Inter-Agency Procurement Services Office agreed with the Board's recommendation that, in consultation with UNDP headquarters, it consider all opportunities to extend inter-agency cooperation and coordination activities and make proposals bilaterally to the agencies concerned as well as through the Inter-Agency Procurement Working Group.**

269. IAPSO informed the Board that, at the Inter-Agency Procurement Working Group meeting in June 2006, it was decided that the Working Group would seek to be constituted as a subcommittee of the High-level Committee on Management.

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[31] 29th meeting of the Inter-Agency Procurement Working Group, 2004.

[32] 30th meeting of the Inter-Agency Procurement Working Group, 2005

[33] The United Nations Global Marketplace is a database of suppliers available to all United Nations and World Bank procurement personnel

270. One of the key decisions taken by the Inter-Agency Procurement Working Group at its 2004 meeting was that each of the United Nations agencies involved in wide-scale procurement activities would specialize in the pre-qualification of select commodities. The United Nations agencies agreed in principle to the allocation of commodities following the 2005 Inter-Agency Procurement Working Group meeting. While this progress was recognized, the "lead agency" concept was a very long-standing matter that dated back to the first meeting of the Inter-Agency Procurement Working Group, held in 1976. The Inter-Agency Procurement Services Office was in a working group with several other agencies to determine the roles and responsibilities of lead agencies for specific commodities before the concept could be fully implemented.

271. This "lead agency" initiative did result in benefits and the prevention of overlap for the procurement of commodities. However, there were no further collaborative efforts in this regard, beyond the pre-qualification of vendors. The Board is of the view that there could be further benefits in extending this concept of collaboration to the other elements of the operational procurement cycle, such as contract awarding processes and vendor performance evaluations, which were currently performed separately by each of the United Nations organizations in Copenhagen.

272. The Inter-Agency Procurement Services Office advised the Board that it fulfilled the secretariat role in the context of the Inter-Agency Procurement Working Group. The UNDP seat on the Working Group was occupied by the Office of Legal and Procurement Support. The Inter-Agency Procurement Services Office indicated that it could only act at the direction of the Inter-Agency Procurement Working Group, either through its annual meeting or through its various working groups.

273. Competition was a potential factor against fostering an environment of coordination and collaboration between the various United Nations agencies. The lead agency concept minimized competition but as mentioned before, it only extended to the pre-qualification of suppliers. However, in Copenhagen, for example, United Nations agencies could nevertheless have incentives to procure any type of commodity in order to earn "handling fees" to cover costs. IAPSO, in particular, finds itself in this position, together with UNOPS.

274. IAPSO also indicated that collaborative opportunities were limited because there was often insufficient clarity at the organizational level as to the type of activities that organizations should be involved in. UNDP has a broad diverse mandate in the development area and the range of commodities that it requires is likely to be very large. However, UNOPS, for example, was initially established as project management specialists. But, in practice, UNOPS pursues procurement opportunities since this would generate revenues needed to finance its overheads.[34]

275. IAPSO considered that procurement by United Nations organizations supported the business strategy of those organizations. The procurement function of each organization was therefore arranged accordingly. In addition, the extent to which the procurement of United Nations organizations was not coordinated was a reflection of the overlap between the functions of the various United Nations organizations in terms of their respective mandates and activities. However, IAPSO indicated that it had sought to collaborate with other United Nations organizations in

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[34] Also see JIU/REP/2004/9

Copenhagen and to that end had offered to accept outsourced procurement from UNOPS and had cooperated to provide operational procurement services in support of UNFPA for certain items through UN Web Buy.

276. **The UNDP Inter-Agency Procurement Services Office agreed with the Board's recommendation that it discuss its business lines with other United Nations agencies for rendering specific services, provided the business lines remain cost-efficient.**

277. Another challenge to inter-agency collaboration was the limited ability of United Nations agencies to determine fairly their procurement processing costs. The Inter-Agency Procurement Services Office was an exception in this regard as it was able to determine its costs by applying an activity-based costing methodology. The other inability of agencies (e.g. UNFPA and UNOPS) to determine their actual costs also limits their ability to assess properly whether it is more efficient to outsource procurement activities to other United Nations agencies or to undertake them themselves. Just on the cost of transactions alone, the Inter-Agency Procurement Services Office was able to contain its transaction costs by charging an average of a 3 per cent handling fee while, according to the Inter-Agency Procurement Services Office, other United Nations agencies estimated equivalent costs (represented in the form of handling fees) at between 4 and 18 per cent. The use of different information and communication technology application systems by United Nations agencies was yet another challenge.

278. The Inter-Agency Procurement Services Office used its activity-based costing methodology to demonstrate costs to United Nations customers and to support the level of fees charged to them. The Office had widely promoted its practices in this regard among its United Nations counterparts in order to encourage a better determination of costs.

279. **The Inter-Agency Procurement Services Office agreed with the Board's recommendation that it share information on its practices on costing methodologies with other United Nations entities.**

280. The Inter-Agency Procurement Services Office informed the Board that it would be pleased to actively share its activity-based costing method with the procurement units of other United Nations organizations and would do so through the Inter-Agency Procurement Working Group.

Common premises and services

281. In the absence of full-fledged joint offices and in accordance with the Secretary-General's Programme for Reform of the United Nations, establishing common services and common premises at the country level leads to increased efficiency and effectiveness in the implementation of United Nations country programmes while fostering inter-agency coordination. One of the main objectives of common services is to enable organizations to pool and streamline their support services in each country in order to reduce operating costs, achieve optimal efficiencies in programme delivery and free technical and programme officers from mundane administrative tasks so that they can concentrate on the substantive essence of their field assignment. Premises shared by the United Nations organizations are also an important component of the Secretary-General's programme for reform of the United Nations. Another objective of the common

premises is to build closer ties among United Nations staff and promote a more unified presence at the country level in a cost-effective manner.

United Nations Houses

282. According to statistics obtained from UNDP, 60 officially designated United Nations Houses had been established worldwide as of May 2006. During the country office audits, the Board noted that in eight countries (Cambodia, Indonesia, Brazil, Peru, Rwanda, Russian Federation, Egypt and Yemen) of the 12 visited no United Nations House had been established.

283. In Cambodia, the preliminary assessment had been examined and it appeared that the establishment of the United Nations House was a viable option. However, much more detailed analysis of the future rent and operating costs was required and was planned to be undertaken. In Egypt, based on the currently available options, the establishment of a United Nations House was considered not practical by the country office. In Yemen, the major constraint was the inability to identify a large enough building that would accommodate all the agencies present on the ground. The Russian Federation country office was in the process of negotiating a leasing contract with the Government after conducting a cost-benefit analysis.

284. **UNDP agreed with the Board's recommendation that, in consultation with the other United Nations agencies, it continue efforts to establish United Nations Houses that are supported by a cost-benefits analysis.**

285. It seems evident that United Nations Houses would not be feasible in several countries owing to factors such as availability of accommodation, costs and security. However, there were no data reflecting where United Nations Houses were a feasible option coupled with target dates for establishing such United Nations Houses.

286. **The Board recommends that UNDGO maintain an up-to-date database of all countries, indicating in which countries it is feasible to establish United Nations Houses and target dates for implementation.**

287. UNDP informed the Board that this would be included in the workplan of the Working Group on Common Premises and Services as it was a collective responsibility of the United Nations Development Group Executive Committee agencies.

Memorandums of understanding

288. The Board noted that 5 of the 12 UNDP country offices visited did not have updated and signed memorandums of understanding between UNDP and other agencies for common premises and, in certain instances, for common services. UNDP informed the Board that although the headquarters could advise the country offices to sign a memorandum of understanding, they could not force them to sign such documents as all the agencies must be in agreement. Not having a signed memorandum of understanding in place may result in the various agencies being unaware of their duties and responsibilities, which may ultimately have an impact on the achievement of set objectives and the recovery of costs.

289. The United Nations Development Group Office informed the Board that the United Nations Development Group Executive Committee Working Group on

Common Premises and Services reviewed the memorandums of understanding on common premises that had been signed by agencies in the field. A standard template had been developed for such a memorandum of understanding, which country offices were encouraged to use. Furthermore, UNDP informed the Board that headquarters' role regarding common services was to determine if there was a signed memorandum of understanding at each country office; obtain the memorandum of understanding from each country office for review; ensure that the country offices did not sign the memorandum of understanding until headquarters authorized them to do so; review the memorandum of understanding; remind the country offices to sign lease agreements; and provide inputs to ensure that the memorandum of understanding was descriptive enough.

290. **UNDP agreed with the Board's recommendation that it ensure that all memorandums of understanding at the country level are signed in a timely manner and that it intervene on disagreements between agencies that resulted in memorandums of understanding not being signed.**

291. The country office operational guidelines defining the responsibilities of UNDP headquarters and country offices regarding the implementation of memorandums of understanding were still in draft form and were being circulated for input, as of April 2006. Set objectives may not be met owing to the lack of a documented policy or guideline defining the roles and responsibilities of UNDP headquarters and country offices.

292. **UNDP agreed with the Board's recommendation that it expedite the finalization and implementation of the formal guideline defining the various levels of responsibility of headquarters and of the country offices.**

293. The UNDP Nordic Office, UNFPA, UNOPS and WFP, including the Inter-Agency Procurement Services Office, utilizing the United Nations House in Copenhagen, signed a revised memorandum of understanding in August 2005. This memorandum of understanding included relevant details of the arrangements, costs and rights and obligations of the participating agencies. The following common services were covered in the memorandum of understanding: reception, switchboard, mail handling, registry, cleaning, security, transportation, finance, human resources and information technology. The memorandum of understanding had been drafted in the terms of a standard memorandum of understanding. The Board noted that the memorandum of understanding did not include a provision for updating and/or revising the agreement at regular intervals.

294. **UNDP agreed with the Board's recommendation that it include in the memorandum of understanding a provision for updating and revising the agreement for common services at regular intervals.**

Monitoring, evaluation and reporting

295. Monitoring and evaluation of performance on common services are integral to effective management. An Operations Management Team had been set up in Copenhagen to identify the benefits and investigate possible common services to be utilized by United Nations agencies. The stated objectives and functions of the Operations Management Team included undertaking monitoring, evaluation and reporting. UNDP advised the Board that signing service-level agreements was the first step in the process of monitoring and evaluating common services.

296. IAPSO informed the Board that under the revised memorandum of understanding, it was to hold meetings with the Operations Management Team and the heads of participating agencies to analyse and brief them on the financial status of the common service operations. This would take place in addition to the existing procedure of sharing electronically the quarterly financial reports. Also, the Operations Management Team, together with IAPSO, would develop targets and a tracking mechanism to enable performance measurement of the common services provided. The United Nations House team meetings were planned ahead of time to ensure full participation of the agencies.

Common services programme

297. The common services programme is a means of reducing costs and increasing the efficiency and coordination of United Nations operations. The United Nations Development Group Office was in the process of organizing workshops on the common services programme at all country offices, using common service experts. Representatives of all agencies within a country participated in the workshops, which were of two or three days' duration. The workshops covered such topics as incentives for harmonization and bringing United Nations agencies together; how to achieve cost savings; teaching staff the value of common services; and cost versus benefit analysis.

298. The presentation of the workshops was expected to be completed by the end of 2006. As of 31 December 2005, workshops had been held at 44 out of 134 country offices at a cost of $816,156, an average of $18,549 per office. Therefore, 90 country offices still had to implement the common services programme by the end of 2006. Using the same average cost per office, the estimated resources required to implement the programme amounted to $1.669 million, in comparison to the total approved budget of $1.632 million for the roll-out of the common services approach to the country offices. It therefore appeared that the available resources were inadequate to complete the roll-out of the programme.

299. UNDP informed the Board that a consultant had conducted a management review of the common services programme during January 2006. Based on the recommendations of that review, if accepted, and should the United Nations Development Group Office provide additional funding for the common services programme, a separate project would be set up in Atlas to manage this budget and a more rigorous control of actual costs would be put in place, with clear lines of responsibility for tracking commitments/expenditure on a day-to-day basis. The United Nations Development Group Office and the management group also requested a review/evaluation of the programme to assess its impact and to provide the basis for a Management Group discussion on the next steps to be taken. As of May 2006, this report was not yet available.

300. **The Board recommends that the United Nations Development Group Office review the adequacy of resources for presenting the common services programme to the remaining country offices. The United Nations Development Group Office agreed with the Board's recommendation that it monitor closely the actual costs against the budget, to prevent any overspending of the budget.**

Common Services Management System

301. UNDP had developed a management system which was expected to assist in capturing both qualitative and quantitative common services information. The Common Services Management System is an online tool whereby all agencies within a country office would enter data on common services into the system. The data would be monitored by the Common Services Group. This Group would report to the Management Group, which includes the head of administration in each agency.

302. UNDP was to pilot the Common Services Management System in 22 country offices. The roll-out of the system was planned to be completed in the third quarter of 2006. However, as of April 2006, not much progress had been made since the roll-out had been suspended pending the results of the common services programme review.

303. **UNDP agreed with the Board's recommendation that it expedite the roll out of the Common Services Management System.**

304. The United Nations Development Group Office informed the Board that efforts were being made by the Working Group on Common Premises and Services to follow up with the phase I countries to continue populating the system with baseline information. After the completion of the roll-out, the system was expected to be regularly used by all county offices.

Common services experts

305. The programme for the expansion of common services, which was endorsed by the United Nations Development Group Management Group in December 2003, was rolled out in country offices through a regional approach, using common services experts. This approach covered six common services regions: Western and Central Africa; Eastern and Southern Africa; the Arab States and North Africa; Asia and the Pacific; Latin America and the Caribbean; and Eastern Europe and the Commonwealth of Independent States. For each region, an inter-agency team of common services experts was established and their skills developed to facilitate the overall implementation of common services in country offices.

306. The functions and duties of common services experts included providing training, mentoring and technical advice; contributing to development and implementation of overall common services programme tools; ensuring that inter-agency common services initiatives are established and/or advanced in all the countries within their respective regions; fostering regional and interregional networking arrangements as well as a peer-to-peer country system; and assisting in organizing regional common services meetings. The common services experts' reports to the Working Group on Common Premises and Services.

307. During the country office audits, the Board noted that at the Panama and Yemen country offices, the common services experts had not been utilized in the areas of identifying common services and providing assistance and expertise required in this regard. The use of a common services expert would assist a country office in the identification of additional areas for common services, which could result in economies of scale.

308. **UNDP agreed with the Board's recommendation that it encourage country offices to make use of a common services expert to facilitate the overall implementation of common services in country offices.**

Common database of vendors

309. An effective means of reducing costs and increasing the efficiency and coordination of United Nations operations could be the use of a common list of vendors. The Board noted that included under good practices on the United Nations Development Group intranet was a document published by UNDP Bolivia entitled "Consultant and supplier database". The purpose of developing a consultant and supplier database was to respond to the observation that each agency was spending too much time and money trying to find consultants/suppliers. In addition, there was no sharing of information among agencies on previously retained consultants/suppliers, thus, it was difficult to determine their past performance. The database of consultants and suppliers could have the following benefits: the reduction of staff time spent identifying consultants and suppliers; the provision of a common tool for rating the consultants and suppliers; and the obtention of favourable prices and conditions given to other agencies. Furthermore, the software used at UNDP Bolivia was transferable to any country team interested in creating a similar database. Not maintaining a common database of vendors could result in additional cost savings and efficiency not being achieved.

310. **UNDP agreed with the Board's recommendation that, in consultation with the United Nations Development Group, it consider establishing common databases of local vendors at the country level, which could result in the achievement of additional cost savings and efficiency.**

16. Indian Ocean tsunami relief efforts

311. The Board reviewed involvement of the United Nations Development Programme in the Indian Ocean tsunami relief efforts due to the materiality of the funds involved as well as a case study of inter-agency cooperation.

312. In the immediate aftermath of the Indian Ocean tsunami of 24 December 2004 UNDP played a key role working with the Governments of the affected countries and the rest of the United Nations system to facilitate the coordination of the relief effort. Its central role involved implementing strategies to support Governments and communities that were commencing recovery activities.

313. UNDP had developed programmes to address each country's areas of concern, guided by a task force led by the organization's Regional Bureau for Asia and the Pacific and utilizing the knowledge base and the expertise of its Bureau for Crisis Prevention and Recovery. It had also supported the work of the United Nations Special Envoy for Tsunami Recovery and, with the United Nations Development Group Office, had facilitated the United Nations Resident Coordinators having the necessary resources and the capacity to offer affected countries the assistance required. In addition, local and international experts from the United Nations Volunteers (UNV) had been deployed to expedite progress in the affected countries.

314. The Tsunami Flash Appeal was issued by the Office for the Coordination of Humanitarian Affairs on 6 January 2005, on behalf of 42 United Nations and non-

United Nations organizations. UNDP flash appeal income and expenditure are summarized in table II.11 below.

Table II.11

Flash appeal income, expenditure and unspent balance as at 31 December 2005

(United States dollars)

Income	*Expenditure*	*Unspent balance*
126 533 448	67 107 032	59 426 415[a]

[a] The unspent balances as at 31 December were due to the fact that programmes were being undertaken in respect of tsunami relief efforts over a period of two years, given the role of UNDP as a development agency and not merely as an emergency response agency.

Table II.12

Non-flash appeal income, expenditure and unspent balance as at 31 December 2005

(United States dollars)

Income[a]	*Expenditure*	*Unspent balance*
31 626 534	9 061 992	22 564 542[b]

[a] Funding continued to be received from donors late in 2005 and was hence earmarked for spending in 2006.

[b] The unspent balances as at 31 December were due to the fact that programmes were being undertaken in respect of tsunami relief efforts over a period of two years, given the role of UNDP as a development agency and not merely as an emergency response agency.

315. The Office of Audit and Performance Review conducted audits at the UNDP country offices in the tsunami-affected countries of Indonesia, Maldives and Sri Lanka. Its reports relating to Maldives and Sri Lanka had yet to be issued as at the end June 2006. The Board reviewed the emergency response and transitional recovery programme as part of the audit visit to the Indonesia country office. The Board's significant findings are summarized below.

Emergency preparedness

316. The UNDP Indonesia country office did not have in place an emergency preparedness plan with specific procedures to follow in complex emergency situations such as the Indian Ocean tsunami of 2004. One of the functions of the Office for the Coordination of Humanitarian Affairs (OCHA) in Indonesia had been to facilitate the preparation of United Nations inter-agency contingency plans. With the establishment of the OCHA office in Indonesia in 2000, priority was placed on establishing contingency plans for specific target provinces in which there were risks of deterioration of the humanitarian context.

317. In this respect, a first Inter-Agency Contingency Plan for Banda Aceh was prepared in August 2001, as the conflict situation in Banda Aceh was deemed to be a high-risk situation. In 2003, with the advent of the Cessation of Hostilities Agreement, this contingency plan was updated.

318. Following the Indian Ocean tsunami of December 2004, a number of joint United Nations-Government lessons-learned workshops were undertaken. In particular, the May 2005 Post-Tsunami Lessons Learned and Best Practices Workshop in Jakarta focused substantially on the issue of contingency planning. The workshop found that the Government of Indonesia, the United Nations, non-governmental organizations and civil society institutions needed to develop interconnected contingency plans to respond to large-scale emergencies such as the tsunami crisis.

319. As a follow-up, in June 2005, the United Nations Technical Working Group for Disaster Risk Reduction discussed a proposal to undertake a contingency planning exercise. The Technical Working Group agreed that this process would seek to relate to and support efforts by the Indonesian National Coordinating Body for Disaster Management (BAKORNAS), which had been requested by the Vice-President of Indonesia to provide training on contingency planning for West Sumatra. It was thus important that United Nations contingency planning be undertaken together with the Government.

320. As a result, a series of contingency plan workshops were conducted by BAKORNAS at the national level (26-28 July 2005) and sub-national levels (13 December 2005-7 March 2006), jointly funded and supported by the United Nations Technical Working Group for Disaster Risk Reduction (including, specifically, UNDP, the World Health Organization (WHO), WFP and the United Nations Educational, Scientific and Cultural Organization (UNESCO)). In addition, at a retreat of the United Nations Technical Working Group on 8 and 9 December 2005, it was agreed that the United Nations national contingency plan would be developed as a joint effort of the Group, building on the previous province-specific contingency plans and linking into the Government contingency plans through BAKORNAS. The formulation of a United Nations contingency plan was still in process as of February 2006.

321. UNDP informed the Board that, in addition to the need to develop United Nations contingency plans at the country level, the UNDP Bureau for Crisis Prevention and Recovery was also advocating the development of a UNDP corporate contingency plan that would provide guidance on emergency and recovery operations at the headquarters and country office levels. Many other United Nations agencies, such as UNICEF and WFP, had such plans in place. It was further indicated to the Board that, as the lead agency for early recovery, UNDP would ensure that early recovery considerations were factored into United Nations and UNDP contingency/emergency preparedness plans. UNDP indicated that as the custodian of the resident coordinator system, it was expected to spearhead efforts to develop United Nations contingency plans at the country level, but that that process would need to be facilitated and technically supported by OCHA, albeit with the strong involvement of UNDP.

322. **The Board recommends that UNDP, in conjunction with the Office for the Coordination of Humanitarian Affairs and other United Nations agencies, develop a United Nations contingency plan.**

Anti-fraud and anti-corruption strategy

323. UNDP Indonesia did not have a fraud prevention strategy in place at the time of the tsunami relief efforts. Such a strategy for UNDP was only circulated to the

country office in August 2005, eight months after the initial response to the emergency. However, this strategy did not address specific practices for dealing with emergency appeals and the use of funding obtained in response thereto. The Board noted that anti-fraud efforts had been undertaken in the implementation of the UNDP Banda Aceh emergency response and transitional recovery programme and that the efforts had been articulated in the form of a "Guidance note on accountability and transparency measures" (May 2005, revised July 2005).

324. The following documents specified additional measures that the country office would take in response to fraud and corruption:

(a) "Office of Audit and Performance Review risk assessment of tsunami-related activities" (April 2005). This report provided a series of risk mitigation recommendations relating to potential collusion, conflict of interest and corruption;

(b) "Emergency response and transitional recovery monitoring guidelines" (last revision November 2005), which stressed field-level verification of results and financial monitoring of contractors and partners.

325. **UNDP agreed with the Board's recommendation that it revise the content of its fraud-prevention strategy in order to address the specific circumstances arising during emergency efforts following large-scale disasters, such as the Indian Ocean tsunami of 2004.**

326. UNDP indicated it would revise the fraud-prevention strategy by expanding the scope of the document to cover anti-corruption measures and to cover other risk-mitigating factors specifically related to procurement.

Procurement and contract management

327. In response to the Indian Ocean tsunami disaster in Banda Aceh, UNDP Indonesia forecast additional budgeted project expenditure amounting to $73.1 million per the Programme Manual and the flash appeal for 2005. As at 31 December 2005, $62.7 million of expenditure had been incurred and expenditure continued to be undertaken in response to this disaster as the UNDP response had focused on immediate emergency response and transition to long-term recovery and development in Banda Aceh.

328. The Tsunami relief efforts resulted in an overall increase in procurement activities at the country office during 2005, which necessitated strict adherence to the UNDP Procurement Manual in order to facilitate efficient and transparent procurement processes. As a result of UNDP Indonesia's continued efforts in respect of transition and recovery in Banda Aceh, procurement remained an important focus area for UNDP in response to this complex disaster.

Increase in procurement authority

329. The Assistant Administrator and Director, Bureau of Management increased the procurement authority of the Resident Representative to $1 million, in a letter dated 4 January 2005, in order to facilitate procurement relating to the Tsunami recovery process. This letter stated that such increase in procurement authority was "subject to you providing copies of all contracts exceeding $100,000 to the Office of Legal and Procurement Support for review on a post facto basis". However, no

evidence could be provided to indicate that copies of all such contracts had been forwarded for review to that office.

330. **UNDP agreed with the Board's recommendation that it (a) ensure that all contracts exceeding $100,000 are submitted to the Office of Legal and Procurement Support in order to facilitate proper control of the procurement process as it relates to the increased procurement authority and (b) review ex post facto transactions that have taken place.**

Procurement lead times

331. The Board analysed expenditure data in order to establish the average time from the date on which a purchase requisition was completed to the date on which payment was effected in respect of the goods requisitioned. The analysis was done in respect of all purchase orders relating to the Indonesia country office for the biennium 2004-2005 as well as of those purchase orders for the Aceh disaster recovery project, in order to ascertain the difference in lead times in normal circumstances and in an emergency/disaster situation. The results are reflected in the table below.

Table II.13
Average procurement lead times

	Indonesia country office (All projects)	*Project 42897 (Aceh disaster recovery)*
Average number of days from purchase requisition to purchase order	41	27
Average number of days for approval of purchase order	48	22
Average number of days from approval of purchase order to delivery of goods	78	80
Average number of days from purchase requisition to delivery of goods	167	129
Approximate time in months	5	4

332. No benchmarks existed for UNDP in respect of procurement lead times and therefore there were no such benchmarks either in respect of the requisition of goods and services in an emergency response situation. As is evident from table II.13, the procurement lead times in respect of the emergency response project expenditure were on average 38 days less than in normal procurement situations. However, an average time of 129 days to procure goods or services in an emergency response situation was excessive.

333. **UNDP agreed with the Board's recommendation that it establish benchmarks for procurement lead times, for both exigency and normal situations, so that it could measure and assess the effectiveness and efficiency of its procurement processes.**

Human resource management

334. Table II.14 sets out the number, categories and origin of staff deployed by UNDP in Indonesia in response to the Indian Ocean tsunami recovery process.

Table II.14

Staff assigned to the Indian Ocean tsunami recovery process within the first two weeks of January 2005

Staff mobilized from	*Banda Aceh*	*Meulaboh*	*Medan*	*Jakarta*	***Total***
Indonesia country office	6	1	5	10	**22**
Bureau for Crisis Prevention and Recovery	2	0	0	2	**4**
United Nations Volunteers	8	1	1	1	**11**
Other UNDP country offices	1	0	0	1	**2**
Consultants	2	1	0	2	**5**
Total	**19**	**3**	**6**	**16**	**44**

Identification of staff for deployment in the recovery process

335. A general problem existed in obtaining staff for deployment to disaster-affected areas to assist in the recovery process. Despite this, UNDP had successfully deployed staff to such areas within the first two weeks after the disaster struck. UNDP did not have a formalized database of staff experienced in the management of humanitarian disasters to serve as a tool in identifying staff for urgent deployment in complex disasters such as the Indian Ocean tsunami of 2004.

336. UNDP informed the Board that in early 2006, the Bureau for Crisis Prevention and Recovery recruited a "roster manager" to review and develop a roster of experts to meet the challenges identified that would require support from the Office for the Coordination of Humanitarian Affairs. The international community, through the International Recovery Platform (chaired by UNDP) planned to develop a roster of experts with very specific technical skills relevant to recovery operations.

337. **UNDP agreed with the Board's recommendation that, in consultation with its country offices and other United Nations agencies, it develop a database of recovery and disaster-reduction experts within UNDP that could be deployed to the field within a short period to assist in complex emergencies and humanitarian crises.**

Staff wellness

338. UNDP Indonesia's role in response to the tsunami would continue beyond that of emergency agencies, given its role in long-term recovery, transition and development. It was clear that the Indonesia country office staff had worked beyond their normal terms of reference in response to the disaster and would be required to continue those efforts. The Critical Incident Stress Management Unit had been established, which had undertaken a psychosocial needs assessment, set up a stress management programme in Jakarta and Aceh, provided both individual and group stress counselling, set up a staff welfare centre in Banda Aceh and a stress

management office in Jakarta, and prepared stress-management training and resilience-building workshops for United Nations agencies.

Staff training

339. An informal change in job descriptions occurred among staff at the country office due to the additional workload brought about by the disaster. Some of the emergency personnel deployed were not fully aware of UNDP operational requirements and guidelines. Also, sufficient time was not available to provide training to staff, given the urgency with which staff were required to become involved in the recovery operations. This created the risk that operations undertaken by such staff may not have been in accordance with UNDP regulations, rules, policies and guidelines.

340. **UNDP agreed with the Board's recommendation that it establish procedures to be followed to provide staff who are deployed at short notice in post-disaster situations with appropriate training on UNDP key regulations, rules, policies and guidelines.**

Database of lessons learned

341. A number of lessons learned exercises had been undertaken at various levels, including the Government of Indonesia, United Nations entities, UNDP headquarters and the country level. During May and June 2005, UNDP participated in lessons learned exercises led by the Office for the Coordination of Humanitarian Affairs. As a member of the Tsunami Evaluation Coalition, UNDP contributed to sector-wide evaluations in five thematic areas. The coalition's initial findings were released in December 2005 and the final reports would be available in mid-2006. Under the auspices of the International Recovery Platform (chaired by UNDP), a comprehensive systematization of lessons learned in recovery efforts would be finalized in the coming months. These lessons would be a valuable contribution to the recovery efforts of the United Nations and UNDP in Indonesia and beyond.

342. While databases of lessons learned were already being maintained by various stakeholders at the national and international levels, meaningful institutionalization of lessons, in order for them to be considered "learned", requires such lessons to be reflected in new practices, partnerships and strengthened capacities. Several measures were already in place or were being put in place to "learn" these lessons in institutional terms, and other measures were actively under discussion with stakeholders, partners and within UNDP.

343. UNDP informed the Board that the regional programme objectives included facilitation of the sharing of lessons learned among the tsunami-affected countries. Starting in June 2006, the regional programme through a team led by a senior consultant would support a review of "in-house recovery coordination" from the perspective of the UNDP country offices for the tsunami-affected countries, including Indonesia. This study was likely to identify relevant country-specific and comparative lessons and could contribute to the lessons learned database to further enhance and streamline United Nations country team response to future disasters/emergency relief.

344. **UNDP agreed with the Board's recommendation that, in consultation with the United Nations country teams in tsunami-affected countries and the Governments of those countries, it compile a consolidated database of lessons learned from the response to the tsunami disaster that could be used to further**

streamline the United Nations response to future disasters and emergency relief efforts.

Common premises and services

345. A number of new United Nations field offices had been established in tsunami-affected areas such as Aceh and Nias. Numerous United Nations agencies had a presence in these areas in response to the tsunami recovery project. These agencies included the Office of the United Nations Recovery Coordinator for Aceh and Nias (UNORC), UNFPA, UNICEF, UNOPS and WFP.

346. Although there were numerous agencies present in the aforementioned areas, no action had been taken to make use of this unique opportunity to establish common premises with the other United Nations agencies present in these areas or, furthermore, to identify potential common services, which would ultimately result in reduced overhead costs for all agencies.

347. The occurrence of the tsunami and the presence of numerous United Nations agencies in tsunami-affected areas such as Aceh and Nias provided an ideal opportunity to implement in practice the Secretary General's United Nations reform programme and in so doing increase efficiency and effectiveness and facilitate inter-agency coordination.

348. **UNDP Indonesia agreed with the Board's recommendation that, in consultation with the United Nations country team, it evaluate the feasibility of agencies using common premises and services in the regions where relief and recovery efforts were still ongoing.**

349. UNDP informed the Board that, following the Yogyakarta earthquake, common premise and services had subsequently been established.

Expenditure tracking system

350. The Tsunami Flash Appeal was issued by the Office for the Coordination of Humanitarian Affairs (OCHA) on 6 January 2005, on behalf of 42 United Nations and non-United Nations organizations. An online expenditure tracking system (ETS) was set up by OCHA Geneva to track the amounts pledged, committed and spent in relation to the initial appeal. Similarly, UNDP financed the setting-up of the Development Assistance Databases in Sri Lanka, Thailand and Maldives with a wider scope and more detailed focus on project management. The Recovery Aceh Nias Database (RAND) had also been developed for the same purpose by the Government of Indonesia.

351. The expenditure relating to the emergency response and transitional recovery programme undertaken by the UNDP Indonesia country office in response to the 2004 Indian Ocean tsunami in Banda Aceh did not reconcile with the OCHA ETS or to the RAND system owned by the Aceh-Nias Rehabilitation and Reconstruction Agency (BRR) in Indonesia as at 31 December 2005.

352. The Board noted that in respect of the inaccuracies reported in the OCHA ETS, UNDP Indonesia had consistently provided financial expenditure reports to the OCHA Indonesia country office and/or the ETS focal points on the following dates subsequent to the last update in the ETS system in May 2005: 17 July 2005, 28 October 2005, 11 November 2005, 28 November 2005 and 24 December 2005.

353. UNDP Indonesia had communicated the non-updating of the OCHA ETS to OCHA Indonesia during 2005. These parties agreed that the financial expenditure

reports would be provided by UNDP Indonesia to OCHA Indonesia to be forwarded to Geneva for the ETS in order to streamline financial reporting processes. The Board noted discussions between the UNDP and OCHA Indonesia country offices on this issue in March 2006 and it had again been confirmed that the UNDP Indonesia country office would report to OCHA locally. OCHA, Jakarta would relay on this information for the ETS.

354. **UNDP Indonesia agreed with the Board's recommendation that it provide the OCHA Indonesia office with the financial expenditure reports to facilitate a streamlined process of financial reporting by OCHA Geneva.**

355. Processes had been initiated to reconcile the expenditure reported through Atlas to the expenditure reported through the RAND system. This process had not been fully completed as of Februa[illegible]06 owing to challenges that had affected this reconciliation. BRR, which owned this system in Indonesia, had made significant adjustments and adaptations to the core RAND system that had affected the manner in which the system could be reconciled with Atlas.

356. The RAND records activities carried out at the field level by implementing agents. This had been done by BRR to reflect actual activities down to the subdistrict or village level and to facilitate BRR in monitoring activities at this level. This level of reporting in RAND corresponded to the level of purchase orders for delivery of goods or services in Atlas. Communication had been initiated between BRR, the UNDP Regional Centre and the UNDP Indonesia country office on the best manner to address the aforementioned challenges and a series of measures had been agreed upon to facilitate the timely completion of this reconciliation. UNDP Indonesia informed the Board that RAND would fully reflect UNDP-supported project activities by mid-2006.

357. **UNDP Indonesia agreed with the Board's recommendation that it continue the support provided to the Aceh-Nias Rehabilitation and Reconstruction Agency in facilitating the timely reconciliation of the Atlas emergency response and transitional recovery expenditure with the expenditure reported in the Recovery Aceh Nias Database (RAND).**

17. Procurement and contract management

Geographical distribution of procurement

358. The Inter-Agency Procurement Services Unit was set up by UNDP in 1978, in response to General Assembly resolution 32/197 of 20 December 1977. In 1989, at the invitation of the Government of Denmark, the Unit was relocated to Copenhagen, at which time it was renamed the Inter-Agency Procurement Services Office. This move was in response to a request for measures to achieve more equitable geographical distribution of procurement.

359. The UNDP Governing Council, in its decision 78/31 of 3 July 1978, had stated that the overall objective and overriding concern of the then Unit should be to procure equipment at the lowest possible cost consistent with the maintenance of adequate standards. The Council reaffirmed this mandate in its decision 88/20 of 1 July 1988, and included in it, as subsidiary objectives, procurement from developing countries and the need to achieve a wider geographical distribution of sources of supply. However, the Inter-Agency Procurement Services Office had not formalized a strategy to achieve a wider geographical distribution of sources of supply.

360. Table II.15 provides an analysis of the distribution of purchase orders. In respect of purchase orders issued in 2004 with a total value of $140.2 million, $18.7 million was for purchases from developing countries, representing only 13 per cent. In 2005, the volume of purchases from developing countries increased to 22 per cent ($40.8 million out of total purchases of $189.1 million).

Table II.15
Geographical distribution of purchase orders

	Procurement 2004		*Procurement 2005*	
	Value in thousands of United States dollars	*Percentage of total*	*Value in thousands of United States dollars*	*Percentage of total*
Afghanistan[a]	—	—	518	0.27
Belgium	1 081	0.77	46 811	24.75
Benin[a]	621	0.44	—	—
Canada	16 246	11.58	4 365	2.31
China[a]	—	—	1 038	0.55
Congo[a]	—	—	701	0.37
Denmark	30 520	21.76	27 293	14.43
France	528	0.38	2 025	1.07
Germany	1 036	0.74	603	0.32
Gibraltar	1 490	1.06	4 440	2.35
Haiti[a]	—	—	1 114	0.59
India[a]	10 346	7.38	35 313	18.67
Israel	5	0	—	—
Italy	2 056	1.47		
Japan	35 052	24.99	30 996	16.39
Jordan[a]	—	—	210	0.11
Liberia[a]	8	0.01	—	—
Luxembourg	4	0	—	—
Netherlands	19 512	13.91	18 315	9.68
Norway	180	0.13		
Republic of Korea[a]	—	—	62	0.03
Russian Federation[a]	7 684	5.48	491	0.26
South Africa[a]	79	0.06	785	0.41
Spain	725	0.52		
Sweden	276	0.2	91	0.05
Switzerland	1 439	1.03	930	0.49
Thailand[a]	—	—	104	0.05
Ukraine[a]	—	—	480	0.25
United Arab Emirates[a]	—	—	29	0.02
United Kingdom	11 346	8.09	11 823	6.25
United States	31	0.02	613	0.32
Total	**140 265**		**189 150**	
Subtotal for (World Bank designated) developing countries	**18 738**	**13.3**	**40 845**	**21.6**
Subtotal for (World Bank designated) developed countries	**121 527**	**86.6**	**148 305**	**78.4**

[a] World Bank-designated developing countries.

361. **The Inter-Agency Procurement Services Office agreed with the Board's recommendation that it implement a strategy for achieving a wider distribution of sources of supply, in line with its subsidiary objectives.**

362. UNDP informed the Board that much of the procurement of country offices occurs through local and regional supply markets because the nature of the goods and services they procure is such that local and regional suppliers are often the most competitive. However, there were certain supply markets that were global in nature and those were the markets in which the Inter-Agency Procurement Services Office was most often asked to procure. Generally those markets were dominated by developed country suppliers. The Inter-Agency Procurement Services Office would continue to facilitate the use of developing country suppliers where opportunities to do so were identified. It did so through the way in which it practised procurement, including proactively seeking to identify potential developing country suppliers through its analysis of key supply markets and through seeking information about local supply sources when requested by country offices to undertake procurement on their behalf.

Split purchase orders

363. The UNDP Procurement Manual provides specific approval requirements depending on the extent of the expenditure to be incurred in respect of the goods/services to be acquired. Approval for expenditure exceeding $30,000 has to be obtained from the local procurement committee. For all contracts exceeding $100,000 approval is requested from headquarters Advisory Committee on Procurement.

364. The Board noted that UNDP did not have a formal process to monitor the potential splitting of purchase orders. The Board analysed procurement statistics detailing more than one purchase order issued to the same vendor on the same day from the same country office with an accumulated value of more than $30,000. The analysis indicated that 3,274 purchase orders with a value of $160.830 million fell in this category. This is therefore indicative of the risk that purchase orders could possibly have been split to circumvent procurement guidelines in respect of the approval process.

365. **The Board recommends that UNDP: (a) investigate all purchase orders awarded to the same suppliers on the same day to identify those purchase orders that might potentially have been split to avoid compliance with thresholds established in the procurement guidelines and (b) monitor the potential splitting of purchase orders.**

366. UNDP informed the Board that it would leverage the internal control and security dashboard (to be developed) to monitor such occurrences; raise the observation of repeat cases with the regional bureaux; and incorporate reminders in the revised internal control framework regarding the seriousness of such actions.

Supplier code of conduct

367. The United Nations Supplier Code of Conduct[35] states that the values enshrined in the Charter of the United Nations (respect for fundamental human rights, social justice and human dignity, and respect for the equal rights of men and women) serve as the overarching goals that suppliers to the United Nations were expected to achieve. However, the Board noted that UNDP did not provide guidance/directives to its country offices with regard to a supplier code of conduct.

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[35] Rev.02, dated December 2005.

368. **UNDP agreed with the Board's recommendation that it introduce directives with regard to a supplier code of conduct.**

Supplier evaluation

369. The Board previously recommended that UNDP evaluate supplier performance in terms of the guidance provided in the Procurement Manual.[36] The UNDP Procurement Manual (sect. 9.5) requires units and country offices to evaluate a contractor's performance, in the event that the country office or unit wishes to retain the supplier in the future.

370. The Board noted that, at 10 of the 12 UNDP country offices visited, there was no formal process in place during the biennium 2004-2005 to evaluate suppliers. There was also no formal process in place to evaluate suppliers at headquarters.

371. **The Board reiterates its recommendation that UNDP evaluate supplier performance as provided in the UNDP Procurement Manual.**

372. UNDP informed the Board that, for implementing supplier performance at the country level, the necessary software was required. UNDP had recently licensed such software as a part of the Enterprise Resource Planning and hoped to implement it in 2008. Once the software was implemented, the reporting on performance would be automated.

Procurement planning

373. The Board noted that a consolidated procurement plan setting forth a description of what needs to be acquired, what type of vendors to use, and when and how the requisitions would be obtained was not mandatory for UNDP and therefore such a plan did not exist for the biennium 2004-2005. The Board also noted that a procurement plan was not mandatory for country offices unless a country office was requesting an increase in or the renewal of procurement authority. Those country offices that had a procurement plan did not communicate the plan to the Office for Legal and Procurement Services. The Board further noted that no requirement existed for country offices or headquarters to submit procurement plans to the Inter-Agency Procurement Services Office and hence no basis existed for the Inter-Agency Procurement Services Office to assess the consolidated acquisition needs of UNDP.

374. **UNDP agreed with the Board's recommendation that it ensure that individual and consolidated complete approved procurement plans are in place, both at the country offices and at headquarters. The Board further recommends that UNDP amend the UNDP Procurement Manual to make the compilation and consolidation of procurement plans mandatory and that it submit such plans to the Inter-Agency Procurement Services Office for the Office to assess the consolidated acquisition needs of UNDP.**

375. UNDP informed the Board that before making it mandatory for all offices, to compile and submit procurement plans it needed to develop a training kit to facilitate implementation. The target was to develop the training kit by June 2007 and then to make the procurement plan mandatory by September 2007.

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[36] *Official Records of the General Assembly, Fifty-ninth Session, Supplement No. 5A* (A/59/5/Add.1), para. 312.

Lack of monitoring and control tools in respect of submissions to the Advisory Committee on Procurement

376. The Advisory Committee on Procurement was established at UNDP headquarters to review contracts and render written advice to the Chief Procurement Officer. The Board noted that no monitoring and control tools were in place at headquarters to ensure that all contracts valued at $100,000 or more at headquarters and country offices are submitted to the Advisory Committee on Procurement for review. The submission of all such contracts to that committee for review would provide assurance that the procurement and contract process followed is fair, competitive, transparent and provides the best value for money.

377. **UNDP agreed with the Board's recommendation that it develop and implement tools whereby the submission of contracts to the Advisory Committee on Procurement is monitored.**

378. UNDP informed the Board that it had developed a query to check such cases and planned to implement this as a regular oversight function by developing it into a regular report. This was expected to be completed by June 2007.

Submissions to the Advisory Committee on Procurement

379. The Board observed Advisory Committee on Procurement meeting number 778 on 12 April 2006. A total of 15 cases were reviewed during this meeting, with a contract value of $13.975 million. However, 9 of the 15 cases (60 per cent) with a contract value of $12.716 million did not meet the requirements for approval by the Chief Procurement Officer owing to the poor quality and inaccuracy of submissions and were hence marked pending.

380. The Board noted that UNDP had a monitoring tool in place to review submissions to the Advisory Committee on Procurement. The online application was established for the purpose of streamlining submissions to the Advisory Committee on Procurement and improving case management and efficiency. Through this online application, requesting units could create and submit cases in an electronic format for review by the Committee. Once a submission was filed, requesting units could visit the application tool to track the submission's approval status, as well as view comments in real time.

381. Based on a summary report extracted from the online Advisory Committee on Procurement application, a total of 892 cases with a contract value of $599 million were submitted for approval to the committee during 2005. Of these cases submitted, a total of 766 (86 per cent) with a contract value of $525 million, were approved as at 31 December 2005.

382. The common reasons for rejection by the Advisory Committee on Procurement were failure to undertake a competitive exercise, impermissible justification for waivers, incomplete, restrictive or biased terms of reference, inadequate statement of works or specifications, incorrect evaluation methodology or criteria, failure to submit requested documentation for review by the Advisory Committee on Procurement, conflict of interest, lack of value for money and use of an incorrect procurement method.

383. **UNDP agreed with the Board's recommendation that it improve the quality and accuracy of the country office submissions made to the Advisory Committee on Procurement to ensure a timely contract approval process.**

Inactive vendors in the Atlas system

384. The Board noted that of the 447,687 vendors in the Atlas system only 53,704 (12 per cent) had an active profile and were being utilized by UNDP. There is therefore a risk that procurement could erroneously be initiated with inappropriate vendors or vendors no longer in existence.

385. **UNDP agreed with the Board's recommendation that it archive vendors in the Atlas system who have remained inactive after a pre-determined period of time.**

Segregation of duties — creating and approving vendors in Atlas

386. UNDP could not monitor those vendors both created and approved by the same individual in Atlas as the vendor creator was automatically overwritten by the vendor approver in Atlas. The risk existed that vendors could be fraudulently created in Atlas.

387. **UNDP agreed with the Board's recommendation that it implement measures to monitor the segregation of duties specifically with respect to the creator and approver roles within Atlas.**

388. UNDP informed the Board that it would implement audit trails to capture changes to sensitive vendor data and review Atlas user profiles to confirm that those users with the right to approve vendors have a role that is in compliance with the internal control framework. The Argus system implemented that assigns access rights to individuals would make sure that conflicting profiles could not be created.

Segregation of duties — creating and approving purchase orders in Atlas

389. The Board noted 25 cases at the Indonesia, Bulgaria and Russian Federation country offices where purchase orders had been both created and approved in Atlas by the same individual. The failure to implement controls in respect of the segregation of duties between the creator and approver roles for purchase orders in Atlas can increase the risk of fraud.

390. **UNDP agreed with the Board's recommendation that it (a) investigate the cases of limited segregation of duties for any impropriety and (b) correct the allocation of user roles in Atlas to ensure adequate segregation of duties.**

391. UNDP informed the Board that the Procurement Track Group had agreed to segregate the two functions to mitigate the potential risk of fraud. This called for changing the profile of all the approvers in UNDP. The profile would be limited to approving only. This segregation was planned to be implemented by December 2006.

Lead times

392. The Board previously recommended[37] that UNDP establish benchmarks for performance for contract letting and to monitor performance against those standards and that UNDP continue to seek ways to streamline its contract letting process. These benchmarks had not been formalized and implemented by June 2006 and hence no monitoring of contract letting against formalized benchmarks existed at UNDP.

393. The Board noted that as part of the effort to reduce lead time for contract letting, the Office of Legal and Procurement Support had implemented the online Advisory Committee on Procurement throughout UNDP. To expedite the approval process, UNDP had also implemented a regional advisory committee on procurement in the Bureau for Latin America and the Caribbean. All cases from that region were being reviewed by the regional chief procurement officer.

394. The Board noted that the lead time from the date of purchase order creation to the date of payment in respect of all purchase orders entered into at headquarters and in the Russian Federation, Peru, Yemen and Rwanda ranged from 34 days to as many as 189 days. Excessive procurement lead times could have a negative impact on the efficiency of operations managed by UNDP.

395. **UNDP agreed with the Board's reiterated recommendation that it (a) establish benchmarks for monitoring contract letting performance and (b) monitor performance against those benchmarks.**

"Green procurement"

396. The Board previously recommended[38] that UNDP implement procedures to review environmental concerns during the procurement process, using the guidance provided in the UNDP Procurement Manual. UNDP had indicated that it supported the "green procurement" policy, which had already been incorporated in the UNDP Procurement Manual and that, to facilitate the implementation of the policy, UNDP would develop an implementation strategy at the country level. The Board, however, noted that the strategy to facilitate the implementation of the procurement policy had not been developed and implemented at the country level. UNDP informed the Board that this was due to major emphasis being placed on the Enterprise Resource Planning implementation at the country level during 2005. Also, on its country office visits in Eritrea, Yemen, Brazil and Indonesia, the Board noted that no formal evaluations were performed regarding "green procurement" as provided for in the Procurement Manual.

397. "The Green Office Initiative", dated August 2000, stated that its objective was to provide a guideline on how to conduct a "green" audit and to assess the current situation in terms of environmental performance. In the longer term, its aim is to achieve financial savings through reduced consumption and waste, in addition to providing a healthy work environment. The Board noted that, in line with the "Green Office Initiative", the Inter-Agency Procurement Services Office had developed environmental standards for the following items: paper, office supplies, photocopying machines, laser printers, computers and motor vehicles.

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[37] *Official Records of the General Assembly, Fifty-ninth Session, Supplement No. 5A* (A/59/5/Add.1), para. 309.

[38] Ibid., para. 362.

398. **The Board reiterates its recommendation that UNDP implement procedures to review environmental concerns during the procurement process, using the guidance provided in its Procurement Manual.**

399. UNDP informed that Board that efforts were being made to address some of the concerns, such as energy efficiency, fuel consumption and the use of recycled material.

E-procurement

400. The Board noted that the use of purchase requisitions in respect of goods and services to be procured was not mandatory in the Atlas system. During the biennium 2004-2005, 142,201 purchase orders were raised in Atlas of which 132,084 (93 per cent) were without purchase requisitions.

401. The Board further noted that the E-procurement module was expected to become mandatory in July 2006. As of May 2006, 15 country offices had implemented the E-procurement module. This module would facilitate the use of requisitions in respect of all purchase orders raised and would provide a further control in ensuring the validity of purchase order creation, as well as enhancing overall procurement activities. UNDP informed the Board that the Office of Legal and Procurement Support was working with the Office of Finance to incorporate this change in the revised Internal Control Framework guidelines to be issued.

402. **UNDP agreed with the Board's recommendation that it fully implement and promote the use of the E-procurement module at all country offices to enhance procurement processes, including the mandatory use of purchase requisitions.**

Legal services

403. The Office of Legal and Procurement Support was responsible for handling on behalf of UNDP claims and disputes brought by contractors for contracts undertaken by UNDP country offices under delegated authority. The Office acted when a matter was brought to its attention either by the contractor or the country office. Claims and disputes could, however, be managed at the country office level.

404. For financial reporting purposes, the probability of settlement of each litigation case should be assessed. Where it is probable that UNDP would settle the litigation and the amount of such settlement could be reasonably determined, then such litigation should be recognized as a liability on the face of the balance sheet. Where the probability of settlement is remote, the litigation should be disclosed in the notes to the financial statements.

405. The Board noted that no formal process existed to ensure that all country office litigation cases were reported to headquarters for monitoring purposes. There was hence no formalized process in place to ensure that all legal cases were being monitored in terms of the risk to the organization and to facilitate a mechanism between headquarters and country offices. UNDP could therefore not determine the impact of all pending litigations on the financial statements for the biennium 2004-2005.

406. **UNDP agreed with the Board's recommendation that (a) the Office of Legal and Programme Support formalize a process whereby country offices**

report to headquarters on a regular basis on the status and implications of legal cases at the country office level and (b) the country office finance division include a certification by the resident representative of all legal cases and the impending financial implications as part of the biennium closing, to ensure adequate disclosure in the financial statements.

407. UNDP informed the Board that it was taking steps to implement a reporting mechanism, taking into account the large number of contracts entered into by UNDP, and that claims inevitably arose and were resolved amicably at the local level. The Office of Legal and Procurement Support would factor in an ageing period of up to three months to resolve claims before requiring any reporting to headquarters, unless: (a) there was an immediate threat of litigation or (b) the close of a financial year occurred earlier. The Office of Legal and Procurement Support would work with the Office of Finance and Administration in order to implement the certification by Resident Representatives during the biennial closure.

18. Internal oversight

Management Review and Oversight Committee

408. UNDP has a management review and oversight committee with terms of reference similar to those of an audit committee. However, the committee meets very infrequently and is comprised of internal members, except for the Under-Secretary-General, Office of Internal Oversight Services, the only external member. The Board previously made several recommendations in respect of strengthening the Management Review and Oversight Committee as an internal oversight function in UNDP.

409. The Board noted that, as of 2006, the Management Review and Oversight Committee was reconstituted as the Audit Advisory Committee with newly approved terms of reference. The newly appointed Audit Advisory Committee was expected to address the following:

(a) The evaluation and monitoring by the committee of compliance with organizational practice and the UNDP code of ethics and business conduct;

(b) The minimum number (four) of Audit Advisory Committee meetings per year. In the biennium 2004-2005 the Management Review and Oversight Committee only met on three occasions;

(c) The membership of the new Audit Advisory Committee was external to UNDP;

(d) The chairperson of the new Audit Advisory Committee would be an external member; and

(e) The terms of reference for the Audit Advisory Committee required the committee to prepare a report on its work during the previous year for submission to the Administrator and a report for submission to the Executive Board at its annual session.

Risk assessment and management

410. The Board previously recommended[19] that UNDP evaluate establishing a risk management function responsible for implementing a risk management strategy and conduct a comprehensive risk assessment exercise. The Board again noted that, at UNDP, risk identification and management was not a formally established practice. UNDP managers at various levels performed risk assessments, but this remained informal, ad hoc and dependent on a manager's individual sensitivity to risk.

411. As requested by the UNDP Executive Board, the Office of Audit and Performance Review introduced enterprise risk management at UNDP. The Office of Audit and Performance Review indicated that, while the management and staff did perform risk assessments and managed risks, those assessments were not formally adopted as explicit business practices and were not in accordance with best practices. The Office of Audit and Performance Review was championing the mainstreaming and formalizing of risk management at UNDP. The Board considers that risk management is the responsibility of the UNDP management.

412. Towards the end of 2005, the Office of Audit and Performance Review initiated the introduction of enterprise risk management at the Global Management Team meeting held in January 2006. The experience of other United Nations agencies, such as UNHCR and WFP, were considered. UNDP also used the pro bono services of one of the major accounting firms.

413. The assessment of risks is vital in determining audit focus areas and resource allocation. The Board noted that the selection for audit of country offices and of offices, bureaux and units at headquarters was based on an ad hoc approach to risk assessment, resulting in a long audit cycle for all countries regardless of their risk ranking.

414. The Office of Audit and Performance Review developed an audit risk assessment model in 2005 for country offices, which had been used to identify offices to be audited in 2006. An audit risk assessment model was being developed in respect of headquarters at the time of the audit.

415. **The Board recommends that UNDP expedite the evaluation and implementation of its risk management strategy.**

416. UNDP informed the Board that the implementation of enterprise risk management had been initiated and a decision had already been taken by UNDP to establish a risk management committee that would drive the piloting of enterprise risk management in the organization. As of early June 2006, detailed draft terms of reference and a road map had been drawn up for the Risk Management Committee and an enterprise risk management implementation team. UNDP expected that the implementation of enterprise risk management would require several phases of piloting and fine tuning.

Internal audit function

417. The Office of Audit and Performance Review rendered internal audit services to all the UNDP headquarter units in New York and Copenhagen as well as to

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[19] Ibid., para. 216.

country offices and other units such as regional service centres and liaison offices, also including funds and units administered by UNDP such as UNCDF and UNV.

Vacancies

418. The Board had previously reported[40] on the vacancies in the Office of Audit and Performance Review. It noted that, as of February 2006, there were 49 authorized posts in that office (including four for UNOPS audit section staff), seven (three relating to the UNOPS audit section) of which were vacant (a 14 per cent vacancy rate, compared to 18 per cent in the previous biennium).

419. **The Board reiterates its recommendation that UNDP expedite the filling of vacancies in the Office of Audit and Performance Review.**

420. The Office of Audit and Performance Review informed the Board that, as of June 2006, all vacancies had been filled, except for the one UNOPS frozen post.

421. The Independent Inquiry Committee into the United Nations Oil-for-Food Programme, in its report issued on 7 September 2005 attempted to measure an adequate staffing level for internal oversight in the United Nations by using the benchmark of one internal auditor for every $100 million of programme budget. The Office of Audit and Performance Review indicated that, using that benchmark with respect to the UNDP budget for the biennium 2006-2007 of $7.6 billion, or $3.8 billion per year, the Office should be staffed with 38 professional auditors to carry out audit assignments. The Office of Audit and Performance Review currently had only 33 established professional posts (international and national) of which 26 were dedicated to the carrying out of audit assignments. The Board is of the view that the number of auditors per $100 million budgeted expenditure is only one indicator to be used in the allocation of resources. The other indicators are risks brought about by the nature, complexity and size of operations.

422. The Office of Audit and Performance Review indicated that, with the present staffing level, it could neither satisfactorily meet a reasonable level of audit frequency per business unit nor audit all the areas identified after a risk assessment. It had also indicated in the action plan it had prepared for the UNDP Administrator in response to the report of the Independent Inquiry Committee on the management of the United Nations Oil-for-Food programme, issued on 7 September 2005, that the very recent cases of fraud uncovered in some country offices and at headquarters had been perpetrated over long periods (more than a year), which was indicative that controls and review processes, including internal audits, had been very weak.

423. **UNDP agreed with the Board's recommendation that it regularly review the adequacy of its internal audit resources against audit risks brought about by the nature, complexity and size of operations.**

Internal audit coverage

424. The Board previously expressed concern about the audit coverage of the country offices by the Office of Audit and Performance Review.[41] A total of 16 audits were conducted at country offices in 2004 (one more than in 2003). The audit coverage of country offices increased significantly, by 131 per cent, to 37 audits in

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[40] Ibid., para. 223.

[41] Ibid., para. 225.

2005. In the past five years (2000-2004), 65 per cent of country offices were audited only once and 14 per cent were never audited. The Office of Audit and Performance Review indicated that the audit cycle was becoming progressively longer as a result of it discontinuing the full contracting of the audit of offices to audit firms. The Office of Audit and Performance Review considered that its 21 professionals currently dedicated to auditing country offices enabled it to audit high-risk offices once every three years, medium-risk offices once every four years and low-risk offices once every five years. On average, this is equivalent to each office being audited once every six years.

425. **The Board recommends that UNDP deploy sufficient resources to both maintain and improve the 2005 country office audit coverage, in the context of a risk-based audit approach.**

426. UNDP informed the Board that the establishment of six additional posts had been decided upon by UNDP senior management in the second quarter of 2006 in order to improve the country office audit coverage and strengthen the Office of Audit and Performance Review staffing.

Internal oversight reports

427. The Board previously recommended[42] that UNDP:

(a) Revise its programme of internal audit work to include an appropriate level of coverage of financial procedures and controls at headquarters;

(b) Document the reasons for the delay in implementing the recommendations of the Office of Audit and Performance Review; and

(c) Determine a standard time frame for the timely issuance of the Office of Audit and Performance Review reports and monitor compliance with these standards on a regular basis while documenting and following up the reasons for any significant delays.

Level of coverage of financial procedures and controls at headquarters

428. OAPR acknowledged that the audit coverage of headquarters offices and/or programmes had been low owing to limited staffing. In the previous four years, the Office of Audit and Performance Review had performed an average of less than four audits per year, of a very limited scope, at headquarters. During 2004, there had been one review by the Office of Audit and Performance Review of a due diligence process performed by the Office of Finance and Administration resulting in requests for write-offs. Audit activities undertaken at headquarters in 2005 consisted of a review of the overall project management for the introduction of the first phase of the Atlas system (Wave 1), a review of controls and risks identified in the post-implementation environment, and an information security risk assessment (the last two audits were outsourced to consultants).

429. **The Board reiterates its recommendation that UNDP cover further financial records, procedures and controls at headquarters.**

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[42] Ibid., paras. 236, 240 and 246.

Follow-up of implementation by country offices of outstanding recommendations

430. The Board recommended[43] in its previous report that UNDP document the reasons for the delay in implementing the recommendations of the Office of Audit and Performance Review. The Board noted that, during 2005, the UNDP Balance Score Card was revised to include a rating for the implementation of audit recommendations. The Balance Score Card indicator communicates and measures the progress made by an audited unit in implementing audit recommendations. The Office of Audit and Performance Review reviews the status of implementation as updated by the country offices in November and June of each year and assigns to each recommendation an implementation rating of "implemented", "in progress", "not implemented" or "unclear". The calculation of the implementation rate also takes into account the time taken to implement a recommendation: the shorter the time that an office takes to implement a recommendation, the higher the score awarded. Based on this calculation, an overall implementation rate is then calculated by the Office of Audit and Performance Review for all the recommendations in the audit reports. The overall implementation rate is subsequently published in the Balance Score Card in January and July of each year.

431. The Board noted that, in respect of 25 audit reports relating to country offices that were issued during the biennium 2004-2005, only two had implementation rates for recommendations of less than 60 per cent: the Democratic People's Republic of Korea (54 per cent) and Mauritania (18 per cent) country offices. Six country offices had implementation rates of between 60 per cent and 75 per cent and 17 country offices had implementation rates of more than 75 per cent. The average implementation rate as at 31 December 2005 for reports issued in the biennium 2004-2005 was 81 per cent, an increase from the 2002-2003 implementation rate of 77 per cent.

Reporting time frames

432. The Board had previously reported[44] that for the 74 audit reports issued during the biennium 2002-2003, it took an average of 17 weeks to issue the final audit report after the field work had been completed. The Board noted that, in respect of the biennium 2004-2005, this average time had deteriorated to 29 weeks. The Board also noted that a standard time frame had not been implemented against which to monitor a reasonable turnaround time for audit reports.

433. **The Board reiterates its recommendation that UNDP (a) determine a standard time frame for the timely issuance of reports; and (b) monitor compliance with these standards on a regular basis while documenting and following up the reasons for any significant delays.**

434. UNDP informed the Board that it had set a benchmark of three months for the issuance of the internal audit report after the completion of the mission audit in 2006. Steps to achieve timely issuance of reports had also been taken with the introduction of the audit software and the use of a revised template for audit reports, along with aggressive monitoring in the review of audit reports.

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[43] Ibid., para. 240.

[44] Ibid., para. 243.

19. Human resources management

Gender balance

435. According to the gender balance in management policy 2003-2006, the goal was to achieve a 50/50 gender distribution in UNDP by 2010 in all posts in the Professional category and above, overall and at each level, including at the D-1 level and above and the Assistant Secretary-General level, in accordance with United Nations Secretariat administrative instruction ST/AI/1999/9. Gender targets apply irrespective of the type or duration of staff appointment, the series of the staff rules under which the appointment was made or the source of funding.

436. The Board noted an increase of 2 per cent towards meeting the overall gender distribution goal during the biennium 2004-2005. The gender distribution in 2005 was 64:36 (male to female) and during 2004 it was (66:34). UNDP did not establish milestones against which to measure the achievement of the gender balance targets, but informed the Board that it had begun the process of establishing interim gender targets for 2007 and 2009 for the nine major bureaux to allow the achievement of 50/50 gender distribution by 2010.

437. **UNDP agreed with the Board's recommendation that it (a) formalize gender distribution milestones and (b) monitor all new appointments against such milestones to ensure the achievement of gender distribution goals by 2010.**

438. Paragraph 1.3 of the gender balance in management policy states: "*Recruitment target is a 3:2 ratio of female to male new hires among international and national staff*". A total of 156 staff members were appointed during the biennium 2004-2005, of whom 76 (48.7 per cent) were female and the remaining 80 (51.2 per cent) were male. The recruitment target ratio of female to male staff of 3:2 was therefore not achieved.

439. **The Board recommends that UNDP intensify its efforts to achieve a 3:2 female to male recruitment ratio target in respect of all new appointments of international and national staff.**

440. UNDP informed the Board that it was committed to achieving the gender distribution goal by 2010.

Geographical distribution

441. The Board noted that UNDP applied a "North/South" (developed/developing countries) geographic diversity balance in all its selection processes. While UNDP had a target of 50/50 distribution between countries of the North and of the South, there were no formalized milestones in place against which to measure the achievement of geographic distribution targets.

442. **UNDP agreed with the Board's recommendation that it formalize milestones for the geographic distribution of staff and monitor progress against these milestones.**

Target for filling of posts

443. In his report on human resources management reform of 1 August 2000 (A/55/253 and Corr.1), the Secretary-General had determined a target of 120 days maximum to fill posts through effective human resources planning.

444. It was not possible to determine whether the target for filling of posts had been achieved by UNDP since there was no process to record and monitor the time taken to fill its posts.

445. **UNDP agreed with the Board's recommendation that it (a) implement measures to record and monitor the appointment process from the date of the vacancy announcement to the date of issuance of the initial offer of appointment and (b) take appropriate action in respect of areas where problems were being experienced.**

446. UNDP informed the Board that with the new website being incrementally introduced over the next few months, the Office of Human Resources would be in a position to build in a component (vacancy tracking tool) to track the various steps in the recruitment process from vacancy announcement through to initial offer of appointment. UNDP planned to implement the tracking tool by the end of 2006.

Leave administration

447. The Board noted several shortcomings in the control of leave administration and could not determine if the leave balances on the Integrated Management Information System (IMIS) were accurate. These weaknesses are summarized below:

Leave request forms

(a) Leave request forms were not always completed prior to being taken;

(b) Where leave request forms were completed, the leave was not always authorized;

(c) Standardized leave request forms were not always utilized.

Reconciliation of leave request forms, leave reports and attendance records

(a) There were no reconciliations between leave captured in IMIS and the leave request forms, leave reports and attendance records.

(b) The leave request forms, leave reports and attendance records reflected different leave dates.

(c) There were different documentation standards in respect of attendance records, leave reports and leave request forms across the organization.

448. The Board was therefore unable to verify the accuracy of the leave balances.

449. **UNDP agreed with the Board's recommendation that it (i) institute controls in respect of the leave administration process by formalizing standard leave practices across the organization; (ii) monitor these practices to facilitate accurate leave balances; and (iii) perform an internal audit of leave management to ensure the accuracy of leave balances.**

20. Treasury management

450. The Treasury Section at UNDP provides services to UNDP, UNFPA and UNOPS in the areas of cash management, investment and foreign exchange. The

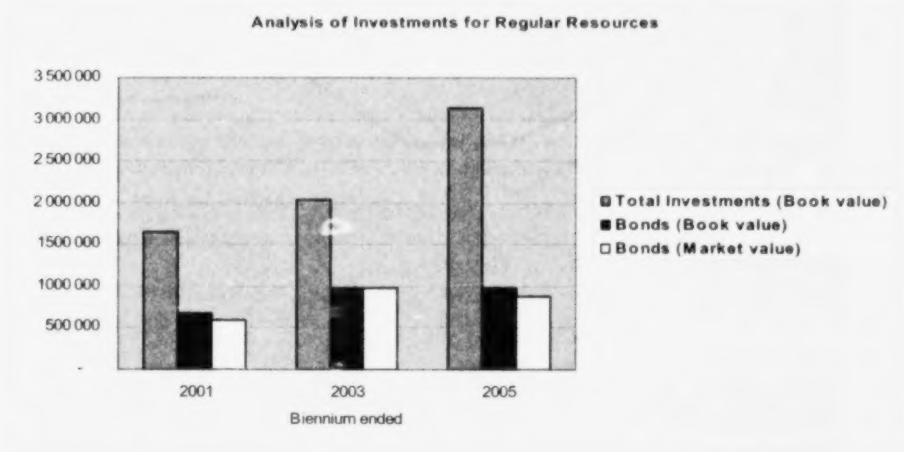
Treasury Section has a function within the UNDP Office of Finance and Administration.

451. Total UNDP investments amounted to $3.129 billion as at 31 December 2005 (2003: $2.025 billion). This includes an investment for after-service health insurance that amounted to $170.9 million (2003: $nil). Figure 6 illustrates the investments at cost, bonds at cost and market value for the bonds for the bienniums ended 31 December 2001, 2003 and 2005.

Figure 6

Analysis of investments for regular resources

(Thousands of United States dollars)



Performance of investments

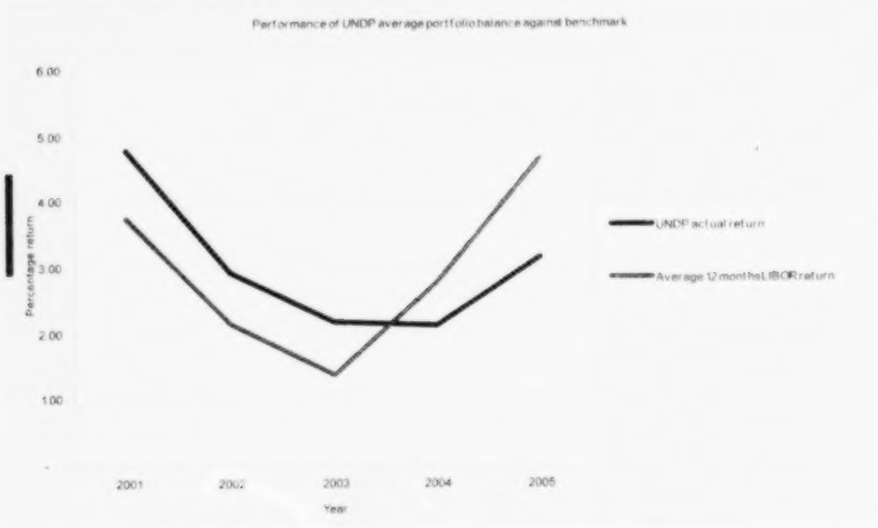
452. According to the UNDP Treasury Division Policies and Procedures Manual "a benchmark is selected to reflect the investment objectives and portfolio characteristics and to measure the performance of the portfolio manager". UNDP benchmarked the performance of its investment portfolio against the generally accepted London Interbank Offered Rate (LIBOR) 12 month rate.

453. Benchmarking against the 12 month LIBOR is a useful tool to measure performance of short-term investments in working capital portfolios. However, the 12 month LIBOR would not be an appropriate benchmark for all UNDP investments, since a portion of the portfolio (namely the after-service health insurance reserve) has a longer dated target maturity profile.

454. The UNDP portfolio consists of various investment instruments with varying maturities, such as certificates of deposit, time deposit, and bonds, as reflected in schedule 8 of the financial statements. The return on individual investment types is different from the return received on, for example, money market funds (one day maturity). The chair of the UNDP investment committee had recommended adding to the information provided to the committee the average yield for each different type of investment instrument for future investment committee meetings.

455. Figure 7 reflects the average investment portfolio amounts for the years from 2001 to 2005 against the LIBOR benchmark.

Figure 7
Analysis of investment performance



456. UNDP outperformed the 12 month LIBOR benchmark in 2001, 2002 and 2003 and underperformed in 2004 and 2005. When the 12 month LIBOR was originally selected to be the benchmark, the average maturity of the UNDP overall portfolio was 12 months. When the United States Federal Reserve Bank started to raise interest rates, UNDP gradually shortened the average maturity for its portfolios, in order to be able to reinvest at higher yields as short-term interest rates rose. As a result of this strategy, UNDP portfolio duration was shorter than the 12 month benchmark during the period of Federal Reserve rate tightening.

457. UNDP overall portfolio yield would always be lower than the one year LIBOR benchmark during periods of rising interest rates (2004 and 2005) since for each quarter less than one fifth of the portfolio is reinvested or newly invested at the most recent higher interest rates. The opposite is, however, the case when interest rates are declining (2001, 2002 and 2003). This explains the return greater than the average LIBOR for 2001, 2002 and 2003. The investment committee indicated that the 12 month LIBOR rate may not be a true standard against which to measure the performance of investments.

458. **UNDP agreed with the Board's recommendation that it consider the appropriateness of the current benchmark to measure the performance of the portfolio taking into account (i) the targeted maturity profile and (ii) the portfolio's actual average maturity period.**

459. UNDP informed the Board that the appropriateness of portfolio benchmarks would be formally evaluated in conjunction with the annual review of the UNDP investment guidelines.

Liquidity risk management

460. Liquidity risk is the risk of not being able to meet commitments owing to a shortage of cash. To avoid such an eventuality, short-term projected cash flows for each currency should be measured and monitored to anticipate future funding or investment requirements.

461. The Board followed up on its previous recommendation[45] that UNDP prepare, monitor and evaluate short-term projected cash flows for all country offices, in each currency, in an improved manner in order to anticipate future funding or investment requirements. UNDP was unable to successfully implement a cash position worksheet tool that is embedded in the cash management module of the Atlas system owing to technical complexities, the basis of accounting by UNDP and the difficulty in projecting the payments incurred by United Nations agencies. This worksheet tool supports the preparation, monitoring and evaluation of short-term projected cash flows for most offices in the currencies in which UNDP operates.

462. UNDP had already prepared guidelines that require manual preparation by the country offices to monitor short-term projected cash flows. UNDP intended to begin with pilot projects across various country offices to monitor and evaluate short-term projected cash flows in foreign currency. The results of the pilot projects would eventually be rolled out to all country offices.

463. **UNDP agreed with the Board's recommendation that it (a) expedite the roll-out of procedures to be piloted at country offices to monitor and evaluate short-term projected cash flows and (b) resolve the technical complexities within Atlas.**

Cash management

464. According to the UNDP Treasury Division Policies and Procedures Manual, the objectives of cash management are to ensure that "country offices have adequate but not excessive liquidity for their own operations and requested disbursements on United Nations agencies' behalf and minimize exchange rate risk". Adequate cash flow management provides the treasury with realistic and timely information regarding funds at its disposal that can be effectively utilized to achieve a higher yield. This is all the more relevant since the country offices do not have skills and competencies relating to the treasury function.

465. The funding unit, under the management of the cash manager at the UNDP treasury, was charged with monitoring and managing the liquidity of country offices. The funding unit established imprest levels for each country office. The imprest levels were determined as of 1 May 2005 based on the most recent 12-monthly "zero-balanced account" disbursement average. These imprest levels were communicated to each country office.

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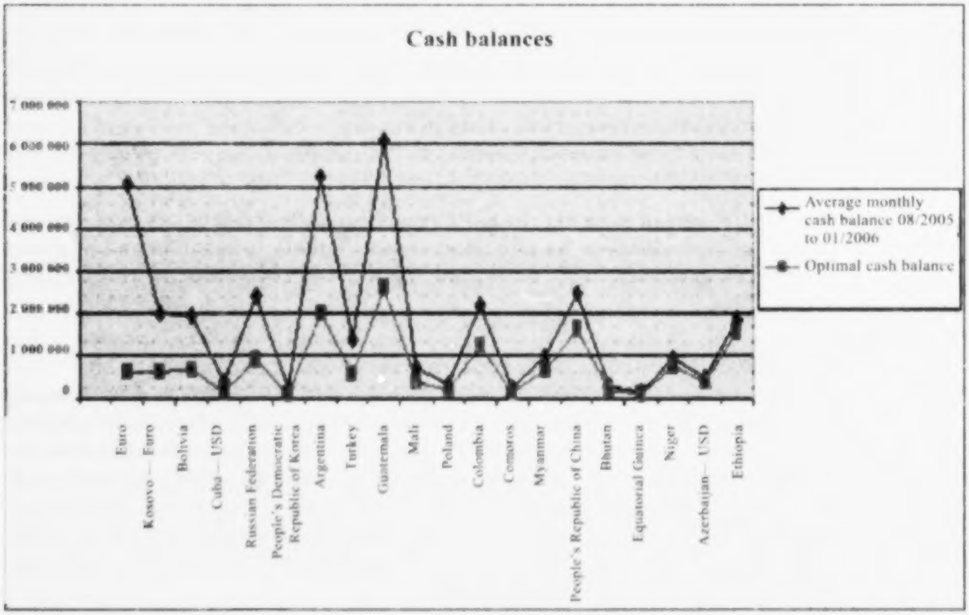
[45] *Official Records of the General Assembly, Fifty-ninth Session, Supplement No. 5A* (A/59/5/Add.1), para. 267.

466. Country offices mainly have two bank accounts, namely, the "zero-balanced account" and the local currency account. The "zero-balanced account" maintains a zero balance by transfers to and from the main headquarters bank accounts. Country offices transfer money from the "zero-balanced account" to the local currency account. They are, however, required to transfer only disbursements not exceeding 7 to 10 days in the local currency account. UNDP defines this as the "optimal cash balance".

467. The funding unit calculated the average monthly cash balance during the period August 2005-January 2006. The average monthly cash balance was then compared with the optimal cash balance (calculated as 50 per cent of the imprest level as at 1 May 2005). The evaluation revealed that a number of country offices that had accumulated cash balances in excess of the optimal cash balances, as depicted in figure 8.

Figure 8
Cash balances exceeding optimal cash balances



468. The evaluation of the optimal cash balance against the imprest level is dependant on the performance of monthly bank reconciliations and country offices inputting the correct bank statement balance. UNDP experienced difficulties in this regard due to the implementation of Atlas.

469. Some of the reasons for the high cash balances are excess drawings from the "zero-balanced account", contributions received in local currencies, abnormal increases in disbursements or spending patterns and country offices not converting

and transferring surplus local currency to the headquarters United States dollar bank accounts from the local currency bank account.

470. UNDP is exposed to various risks associated with poor cash flow management. These may include sovereign risk[46] management, which relates to the risk of expropriation or freezing of assets in the country office bank accounts, and foreign exchange risk management, which relates to risks due to foreign exchange fluctuations. Furthermore, the cash on hand may not be effectively utilized. UNDP had discussed the issue of imprest-level cash management with the respective Bureau Chiefs during the 2006 meeting on the status of financial management performance.

471. **UNDP agreed with the Board's recommendation that it (a) continue to monitor the "optimal cash balance" against the average monthly cash balances and (b) take measures to ensure that the cash balances of country offices are within tolerable levels.**

Finance certification and training programme

472. As a result of a joint initiative by the Office of Finance and Administration and the Learning Resource Center, UNDP has introduced a finance certification and training programme for all finance staff in country offices, regional service centres and liaison offices and at headquarters. The primary purpose of the programme is to help strengthen financial management and accountability across UNDP. It also attempts to address the current misalignment between Atlas and user capabilities, and to equip finance staff with the proper understanding of and skills in financial management. An internationally recognized accounting institute has been approached to facilitate the finance certification and training programme.

473. UNDP launched pilot projects in January 2006. This involved two offices per regional bureau and selected finance staff from headquarters. The global roll-out of the finance certification and training programme was scheduled for June-August 2006.

474. **The Board encourages UNDP to monitor closely the finance certification and training programme to ensure that it achieves its desired objectives.**

Classification of investments

475. Amounts included under other accounts receivable and deferred charges balances on the financial statements relating to investments for the Peru country office of $12.6 million and for the Panama country office of $3 million had been incorrectly classified under other accounts receivable.

476. **UNDP agreed with the Board's recommendation that it ensure that the investments are correctly classified in future biennium financial statements.**

Office of Information Systems and Technology review

477. The Board noted that the Office of Information Systems and Technology performed a review during the first quarter of 2005 of the UNDP electronic banking

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[46] Sovereign risk is the risk of expropriation or freezing of assets in country office bank accounts. It also pertains to the risk of bank failure that is not supported by the Government, leading to bank default and loss of assets.

interface with a bank. The bank was the UNDP primary authority for electronic payments. The interface between UNDP and the bank allowed for the performance of (i) direct payments and (ii) payments from other banking accounts via SWIFT. The Office of Information Systems and Technology made a total of four recommendations and assessed the risk level of each of these recommendations as medium. It informed the Board that three of the four recommendations could be implemented by 15 July 2006, while the fourth recommendation was dependant on the process implemented by the bank.

478. **The Board recommends that UNDP implement the recommendations made by the Office of Information Systems and Technology relating to the electronic banking interface.**

Internal audit coverage of the treasury

479. The Board previously noted[47] that the last internal audit of the UNDP treasury was performed in 1985, although no report was issued. Owing to the extent of programmed controls and the level of specialized knowledge needed to review treasury areas, regular independent reviews may be required in specialist areas, for example, information technology and new treasury products. The results of these reviews could then be reported to the Investment Committee. No review of the treasury function was performed by the Office of Audit and Performance Review in the biennium 2004-2005. The Board performed a limited review of the treasury function in March 2004 as part of the audit for the biennium 2002-2003. However, the Board's review was undertaken when Atlas was just being implemented and, therefore, a comprehensive review was not feasible.

480. **The Board recommends that UNDP (a) perform adequate internal audit reviews based on the outcome of a treasury risk assessment and bearing in mind specialist areas and (b) assess the overall adequacy of the information technology and risk management systems of the UNDP Treasury.**

481. UNDP informed the Board that although a comprehensive internal audit of the Treasury was not performed during the biennium 2004-2005, certain treasury-related issues were covered during the Atlas reviews.

21. Asset management

482. Note 3 (d) to the financial statements discloses the value of non-expendable equipment as $75.3 million as at 31 December 2005 ($149.3 million as at 31 December 2003). The significant decrease in the non-expendable equipment value was as a result of the data clean-up and correction exercise undertaken during the biennium 2004-2005.

Internal control framework

483. The Board noted that key control procedures in respect of the management of non-expendable equipment were not included in the current internal control framework. UNDP informed the Board that the framework was being updated to include enhanced controls in respect of procurement and asset management, the most significant of which would address: (a) segregation of duties between the

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[47] Ibid., para. 289.

approval, payment, recording and control of assets; (b) responsibility, authority and accountability regarding asset management; and (c) the safeguarding and custody of assets.

484. **UNDP agreed with the Board's recommendation that it expedite the incorporation of key asset management controls in the internal control framework.**

Atlas audit trail: asset management module

485. The Board noted that the audit trail function in the Atlas asset module had not been activated and hence there was no monitoring function performed by various users of the asset module. The Office of Administration and Security had become aware of the deletion of pending items in the asset management module at the Democratic Republic of the Congo country office but could not identify the users responsible for the deletion of these items as no audit trail existed to identify them.

486. UNDP informed the Board that consultants had been contracted in to activate the audit trail function in the Atlas asset module, which would track all changes and adjustments made by users in the module.

487. **UNDP agreed with the Board's recommendation that it (a) activate the Atlas audit trail function; and (b) monitor functions performed by users in the ATLAS asset module.**

Non-expendable equipment

488. The Board previously concluded[48] that assurance could not be obtained to verify the validity, completeness and accuracy of information on non-expendable equipment. The Board noted that the numerous interventions by UNDP during the biennium 2004-2005 to improve the management of non-expendable equipment had addressed prior audit concerns effectively. The most notable improvements were:

(a) The updating of the asset management summary reports by the country offices to remove assets with a value of less than $1,000, in so doing bringing the value into line with the non-expendable policy, as previously recommended;[49]

(b) The implementation of an online asset certification process, including the mandatory capturing of opening balances, acquisitions, disposals and closing balances, as previously recommended, hence allowing for the verification by the Board of additions and disposals; and

(c) Consistent communication with country offices during the biennium 2004-2005 to validate and verify inventory data in Atlas.

489. The Board commends UNDP on the corrective action taken during the biennium 2004-2005 to facilitate the valid and complete disclosure of non-expendable equipment. However, the Board noted that UNDP could continue to make improvements with regard to:

(a) The timely submission of asset certifications signed off by the resident representative and reconciled with the asset management summary report;

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[48] See *Official Records of the General Assembly, Fifty-ninth Session, Supplement No. 5A* (A/59/5/Add.1), chap. III, (a).

[49] Ibid., para. 33.

(b) Maintaining evidence of annual asset counts;

(c) Ensuring the timely identification of obsolete/damaged assets for disposal;

(d) Ensuring the timely tagging of all new assets purchased.

490. **UNDP agreed with the Board's recommendation that it continue to address areas for improvement with regard to the custody and control of non-expendable equipment.**

22. Fraud and presumptive fraud

491. During the biennium 2004-2005, UNDP reported 25 cases of fraud or presumptive fraud, of which 24 cases involved losses amounting to $1,566,786. An amount of $676,999 had been recovered by the end of the biennium. UNDP was still in the process of recovering the balance, which related to 18 cases. In addition, UNDP had also indicated a possible loss of $19,007 in one of the matters, which had yet to be concluded.

492. The details of the 24 cases which involved financial losses were as follows:

(a) Two cases relating to theft of fuel in Rwanda and Sierra Leone resulting in losses of $10,292 and $49,489 respectively. The losses were a result of poor controls over fuel stores and failure to reconcile properly the physical quantity of fuel with that on the books. In Rwanda, the persons responsible for the theft of fuel were not identified, but the individuals responsible for the management of fuel were given poor performance ratings. In Sierra Leone, the country office terminated the service contract of the individual involved. The country offices have taken steps to ensure that fuel stores are reconciled.

(b) Nine cases of theft of funds, in the form of cheques and cash, were reported in Gabon, Mozambique, the Democratic Republic of the Congo, Rwanda, Guinea-Bissau, Chad, the Russian Federation and South Africa, totalling $992,984. Full financial recovery was made in Gabon ($543,000) and Guinea-Bissau ($8,298). Staff members were dismissed in Gabon, Mozambique, Guinea-Bissau and the Democratic Republic of the Congo and a contract was terminated in Chad. The persons responsible were not identified in Rwanda and South Africa, but the UNDP staff members implicated in the Russian Federation were under investigation. Reasons for the thefts included: failure to comply with financial rules with respect to the opening of a new bank account; staff colluding with government officials; and poor management of cash in the finance section. The losses incurred in the Russian Federation ($190,000) were a result of a complete breakdown in numerous internal controls, including failure to segregate duties appropriately, inappropriate monitoring of bank accounts, poor record-keeping and poor project management. Losses reported in the Democratic Republic of the Congo ($178,633) were directly attributable to a lack of bank reconciliations and the poor management of the finance section.

(c) Misappropriation of $190,485 in Zambia and Rwanda was the result of the presentation of counterfeit UNDP cheques. UNDP recovered $57,000. The lack of timely preparation of bank reconciliations was the primary reason for these losses. The case has been referred to United States Federal and State authorities and criminal prosecution has been undertaken.

(d) Misappropriation of a satellite telephone in Angola and in Afghanistan resulted in a loss of $16,494 and $43,354 respectively. The person responsible was not identified in either case. Weakness in control over attractive items was the main reason for the losses.

(e) Forgery of education grant documentation occurred in the Central African Republic and in Kenya, resulting in a loss of $8,500 and $16,000 respectively. UNDP recovered the full amounts and the staff concerned were separated from service in the Central African Republic, while the staff member concerned resigned in Kenya.

(f) Three cases relating to the falsification of travel documents, in Viet Nam, the Democratic Republic of the Congo and Afghanistan, totalled $76,696. UNDP recovered $4,600 (full recovery) in Viet Nam. Staff members responsible for these losses in Viet Nam and the Democratic Republic of the Congo were dismissed. A letter of reprimand was issued to the staff member in Afghanistan and there were no plans to renew the contract, which was close to expiration.

(g) Misappropriation of funds resulted from the creation of false payment vouchers in Ethiopia. The losses amounted to $22,364 and the suspect was arrested.

(h) Misappropriation of funds through the use of a credit card in the Republic of Korea led to a loss of $29,601. A full recovery has been made and the Korean government authorities have been notified.

(i) At headquarters, a staff member made 761 fraudulent transactions totalling $89,742 on a UNDP-issued credit card between 2001 and 2005, and false claims for reimbursements totalling $9,415. The staff member was dismissed and UNDP expected full recovery of the amounts.

(j) A staff member in Mozambique submitted false documents in support of a repatriation grant for spouse and dependants, resulting in a loss of $9,771. The staff member's contract was terminated.

(k) The solicitation of bribes in the Democratic Republic of the Congo before payments were made to a non-governmental organization in the country resulted in a loss of $2,000. No recovery has been made, but the contract with the non-governmental organization involved was not renewed.

Russian Federation country office fraud investigation

493. As part of the UNDP audit for the biennium 2004-2005, the UNDP Russian Federation country office was selected as one of the offices to be visited. The audit visit was initially scheduled to take place sometime in the fourth quarter of 2005. The Office of Audit and Performance Review informed the Board thereafter that potential fraud had been detected at the country office and reported to that office for further investigation. Discussions were held with the Office of Audit and Performance Review on this matter and it was decided to defer the Board's audit to a later date so that the Office of Audit and Performance Review investigation and reviews could proceed. In order to avoid a duplication of oversight effort, the Board decided to try to place as much reliance as possible on the outcome of the Office of Audit and Performance Review reviews.

494. The Office of Audit and Performance Review began its reviews on 24 May 2004. An interim investigation report was released on 10 August 2005 and the final

report was issued on 6 December 2005. The final investigation report concluded that one payment amounting to $190,000 was fraudulent. Further payments that might be fraudulent were under investigation. Two former UNDP staff members were implicated for perpetrating these transactions (the former assistant resident representative for operations, who resigned on 20 April 2005, and a former administrative assistant for projects, who resigned on 1 November 2004). These cases were reported by the Administrator of UNDP to the authorities of the Russian Federation on 15 September 2005 for further action. In August 2005, the UNDP Administrator also requested the Resident Representative at the time to make arrangements to take home leave pending reassignment. The Resident Representative was subsequently assigned to work in Copenhagen under the Bureau of Management.

Office of Audit and Performance Review review

495. In addition to the investigations carried out by the Office of Audit and Performance Review, a management audit was also performed from 22 August to 3 October 2005 at the Russian Federation country office and at headquarters. The planned scope of the management audit was the following:

(a) Follow-up of issues arising from the investigation;

(b) Examination of the breakdown in expenditure and income management and reporting systems, controls and oversight mechanisms that contributed to the cases of fraud and possible fraud identified as a result of the investigation;

(c) Follow-up of the implementation of recommendations made in the previous internal audit reports issued on 15 August 2001 and 31 October 2004, relating to the UNDP Russian Federation country office;

(d) Determination of managerial and oversight accountability, as warranted;

(e) Recommendation of appropriate action to strengthen the oversight and control mechanisms governing the activities of the UNDP Russian Federation country office.

496. A draft report was submitted by the Office of Audit and Performance Review to the UNDP management for comment in mid-January 2006 and the final report on 27 April 2006. UNDP informed the Board that its Office of Legal and Procurement Support had reviewed both of the reports and had started raising charges and instituting disciplinary action against the concerned staff, as considered necessary.

Country office visit

497. The Board visited the UNDP Russian Federation country office from 27 February to 10 March 2006. In addition to performing a regular country office audit, the Board followed-up on action being taken by the country office in response to the fraud. Discussions were held with senior management at the country office on the actions taken or still planned to be taken to prevent the recurrence of such transactions. From discussions with the management, it was established that the management had appointed a task team of three individuals to assist in reviewing all projects at the UNDP Russian Federation country office and in ascertaining whether proper procedures had been followed. The following paragraphs highlight an issue noted by the Board during its country office audit.

Segregation of duties

498. The Board noted that one of the critical weaknesses in internal control at the country office was the lack of segregation of duties, which had allowed for such fraudulent transactions to go undetected. The Board noted that the staff members implicated in perpetrating these transactions were allowed to create and approve or had access to purchase orders and vouchers, as well as initiating and authorizing payments. The Board also noted instances where the same person created and approved purchase orders, vendors and expenditure for the period from 1 January 2004 to 31 December 2005.

499. The UNDP Russian Federation country office informed the Board that, subsequent to the release of the second version of the internal control framework for UNDP offices in May 2005 and the recommendations of the investigation and internal audit teams, the country office undertook a detail review of role allocations in Atlas in July 2005. This continued in August and September 2005 when the Atlas Security (ARGUS) module was introduced. Atlas profiles were assigned only through the ARGUS module and the system itself did not allow anyone to fulfil a role different from the one assigned. The country office also informed the Board that a task team of three finance specialists from other UNDP offices had started working in the country office on the assignment. The task team's objective was to check all financial transactions made within projects and the country office budget within a certain period. Cognizance is taken of the efforts made thus far; however, there were still instances where the same officials were creating and approving transactions as of October 2005.

500. **The Board recommends that the UNDP Russian Federation country office, in consultation with UNDP headquarters, correct the allocation of roles in Atlas to ensure adequate segregation of duties in respect of the creation and approval of transactions.**

501. UNDP informed the Board that the review of the Atlas user security roles at the Russian Federation country office had been completed and the full segregation of duties was now in place as recommended.

Project document

502. The project documents for the promotion of new technology project (project number 14633) could not be provided by UNDP Russian Federation country office for audit purposes. It could not provide the Board with any reasons why no original signed documents were available for this project.

503. **UNDP agreed with the Board's recommendation that it implement stricter controls at its Russian Federation country office to prevent the loss of key documentation. The Board further recommends that UNDP include the financial transactions for project number 14633 in the detailed review to be undertaken by the task team.**

504. The Board noted that, as of March 2006, the UNDP Russian Federation country office was still reviewing the areas that had led to the breakdown in control and was starting to implement corrective action.

505. **The Board further recommends that the UNDP Russian Federation country office, in consultation with UNDP headquarters and the Office of Audit**

and Performance Review, continue with its efforts to review and implement corrective action to prevent the recurrence of the breakdown in controls which led to the fraudulent transactions.

506. UNDP informed the Board that in addition to the investigation by the Office of Audit and Performance Review and the management audit reviews, the country office had also conducted a review with a wider scope to complement the work of the Office of Audit and Performance Review. A report with recommendations was sent to headquarters in June 2006 for the final decision and appropriate action. Furthermore, the entire internal control framework was reviewed and extensive measures taken to ensure internal checks and balances were in place to prevent a similar breakdown in control in the future.

C. Acknowledgement

507. The Board of Auditors wishes to express its appreciation for the cooperation and assistance extended to its staff by the Administrator of the United Nations Development Programme and his staff.

Shauket A. **Fakie**
Auditor-General of the Republic of South Africa
(Lead Auditor)

Guillermo N. **Carague**
Chairman, Philippine Commission on Audit
(Chairman, United Nations Board of Auditors)

Philippe **Séguin**
First President of the Court of Accounts of France

28 July 2006

Note: The members of the Board of Auditors have signed only the original English version of the present report.

Annex

Status of implementation of recommendations for the financial period ended 31 December 2003[a]

Topic	*Financial period first reported*	*Implemented*	*Under implementation*	*Not implemented*	*Total*	*Reference in the present report*
United Nations Capital Development Fund		Para. 26			1	
Change in estimate		Para. 33			1	
Recording of non-expendable equipment		Para. 36			1	
Country office non-expendable equipment		Para. 40			1	
Financial reporting	2002-2003		Para. 54		1	Paras. 18 and 19
Financial statements		Para. 57			1	
Bank and investments	2000-2001		Para. 59		1	Paras. 20-36
Unidentified receipts	1998-1999		Para. 63		1	Paras. 62-66
Unliquidated obligations		Para. 70			1	
Accounts receivable	2000-2001		Para. 73		1	
Liabilities for annual leave, end-of-service benefits and post-retirement benefits		Para. 77			1	Paras. 79-86
Programme expenditure incurred by United Nations executing agencies	1998-1999		Para. 86		1	Paras. 147-150
Programme expenditure incurred by Governments (advances: operating funds provided to Governments)	1996-1997		Para. 89		1	Paras. 151-154
Terms of reference and audit scope of auditors of nationally executed expenditure		Para. 97			1	Paras. 167-171
Country office follow-up action plans	2000-2001		Para. 103		1	Paras. 174-177
Audit coverage of nationally executed expenditure	2000-2001		Para. 107		1	Paras. 160-162
Risk-based nationally executed expenditure database	2000-2001			Para. 111	1	Paras. 157-159
Evaluation of nationally executed expenditure audit reports		Para. 114			1	Paras. 157-161
Information and communication technology strategy		Paras. 118 and 122			2	
Project management		Paras. 131 and 133			2	
Project implementation		Para. 136			1	
Infrastructure and connectivity		Para. 141			1	
Data cleaning and conversion		Para. 144			1	
Query tool		Para. 147			1	
Atlas helpdesk		Para. 150			1	
Review and status of internal control framework		Paras. 157 and 160			2	
Segregation of duties	2002-2003		Para. 164		1	Paras. 386-391

Topic	*Financial period first reported*	*Implemented*	*Under implementation*	*Not implemented*	*Total*	*Reference in the present report*
General ledger module		Para. 168			1	Para. 94 (b)
Bank reconciliation	2002-2003		Para. 173		1	Paras. 20-30
Accounts payable module	2002-2003	Paras. 178 and 180	Para. 183		4	
Decentralization of payment function at headquarters		Paras. 185 and 189			1	
Reports from the Atlas system	2002-2003		Para. 193		1	Para. 94 (c)
Brazil country office	2002-2003			Para. 196	1	Paras. 122-144
Audit trail	2002-2003		Para. 199		1	Paras. 485-487
Required changes as per the release plan		Para. 204			1	
Management Review and Oversight Committee		Paras. 210 and 212			2	Paras. 408 and 409
Risk assessment and management	2002-2003		Paras. 216 and 219		2	Paras. 410-415
Internal audit: organizational structure	2002-2003		Para. 223		1	Paras. 418-423
Internal audit coverage		Para. 229			1	Paras. 424 and 425
Level of coverage on financial procedures and controls at headquarters	2002-2003		Para. 236		1	Paras. 428 and 429
Follow-up by country offices outstanding recommendations	2002-2003		Para. 240		1	Paras. 430 and 431
Reporting time frames	2002-2003		Para. 246		1	Paras. 432-434
Risk management framework	2002-2003		Para. 252		1	Paras. 410-415
Treasury policies and procedures		Para. 256			1	
Management reporting		Para. 260			1	
Liquidity risk management	2002-2003		Para. 267		1	Paras. 460-463
Operations:						
Authorization		Para. 274			1	
Trade processing		Para. 277			1	
Settlement		Para. 279			1	
Limits		Para. 282			1	
Valuations		Para. 285			1	
Reconciliations		Para. 288			1	
Internal audit coverage of the treasury	2002-2003		Para. 290		1	Paras. 479-481
Results-based budgeting		Para. 297			1	
Financial expenditure versus technical implementation	2002-2003		Para. 303		1	Paras. 188-191
Operationally completed projects not financially completed		Para. 306			1	
Lead time for contract letting	2000-2001		Para. 309		1	Paras. 392-395
Monitoring of supplier performance	2000-2001		Para. 312		1	Paras. 369-372

Topic	*Financial period first reported*	*Implemented*	*Under implementation*	*Not implemented*	*Total*	*Reference in the present report*
Duration of special service agreement contracts	2000-2001		Para. 326		1	
Special service agreement: performance evaluations		Para. 328			1	
Review of appointments of limited duration		Para. 331			1	
Appointments of limited duration: performance evaluations		Para. 333			1	
Appointments of limited duration: nature of activities		Para. 335			1	
Restructuring of the Learning Resources Centre		Para. 340			1	
Learning management system		Para. 347			1	
Headquarters service-level agreements	2002-2003		Para. 352		1	
Retrofitting of the FF building, New York		Para. 358			1	
"Green" procurement	2002-2003		Para. 362		1	Paras. 396-399
Reserve for field accommodation		Para. 371			1	
Fraud prevention strategy		Para. 379			1	
Total						
Number		**48**	**28**	**2**	**78**	
Percentage		**61**	**36**	**3**	**100**	

[a] See *Official Records of the General Assembly, Fifty-ninth Session, Supplement No. 5A* (A/59/5/Add.1), chap. II.

Chapter III
Audit opinion

We have audited the accompanying financial statements of the United Nations Development Programme (UNDP), comprising statements I to IV, schedules 1 to 8, and the supporting notes for the biennium ended 31 December 2005. The financial statements are the responsibility of the Administrator. Our responsibility is to express an opinion on the financial statements based on our audit.

We conducted our audit in accordance with the common auditing standards of the Panel of External Auditors of the United Nations, the specialized agencies and the International Atomic Energy Agency, and with international standards on auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Administrator, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for the audit opinion.

In our opinion, the financial statements present fairly, in all material respects, the financial position of UNDP as at 31 December 2005 and the results of its operations and its cash flows for the biennium then ended, in accordance with the United Nations system accounting standards.

Furthermore, in our opinion, the transactions of UNDP that have come to our notice, which we have tested as part of our audit, have in all significant respects been in accordance with the Financial Regulations and Rules and legislative authority.

Without qualifying our opinions expressed above, we draw attention to our findings on the following matters:

(a) Programme expenditure implemented by Governments and non-governmental organizations under the nationally executed expenditure modality and subject to audit amounted to $3.2 billion for the biennium 2004-2005. In respect of the year 2004, project auditors issued disclaimer of opinions ($10.5 million); adverse opinions ($10 million); and qualified opinions ($13 million). The extent of project audit qualifications could not be determined for 2005 as these had yet to be analysed by UNDP by June 2006. In addition, the effectiveness of internal controls and procedures in respect of nationally executed expenditure could be further improved;

(b) UNDP had a total of 615 bank accounts, 56 managed at headquarters and 536 at country offices, as well as six payroll bank accounts managed by the United Nations Secretariat and 17 bank accounts managed on behalf of other United Nations agencies, with balances totalling $134 million, as at 31 December 2005. Although UNDP performed the final December 2005 reconciliation for all bank accounts, monthly reconciliations were not prepared for headquarters and country office bank accounts during the biennium 2004-2005. This resulted in a key control not being performed during the biennium, which could have resulted in fraud and errors going undetected;

(c) UNDP implemented a new enterprise resource planning system in January 2004. Internal control deficiencies existed during the biennium 2004-2005, such as the lack of adequate segregation of duties; the general ledger module pertaining to bank reconciliations not being activated for most of 2004; and no automated reconciliation being done between the subsidiary ledger and general ledger bank account.

In accordance with article VII of the Financial Regulations, we have also issued a long-form report on our audit of the United Nations Development Programme.

(*Signed*) Shauket A. **Fakie**
Auditor-General of the Republic of South Africa
Lead Auditor

(*Signed*) Guillermo N. **Carague**
Chairman, Philippine Commission on Audit
Chairman, United Nations Board of Auditors

(*Signed*) Philippe **Séguin**
First President of the Court of Accounts of France

28 July 2006

Note: The members of the Board of Auditors have signed only the original English version of the present audit opinion.

Chapter IV

Financial statements for the biennium ended 31 December 2005

Abbreviations used in the financial statements

ACP	African, Caribbean and Pacific
AFESD	Arab Fund for Economic and Social Development
APO	Asian Productivity Organization
AsDB	Asian Development Bank
AU	African Union
BCPR	Bureau for Crisis Prevention and Recovery
BDP	Bureau for Development Policy
BOM	Bureau of Management
BRSP	Bureau for Resources and Strategic Partnerships
CARDS	Community Assistance for Reconstruction, Development and Stabilization
CAVE	Commission for Reception, Truth and Reconciliation
CCD	United Nations Convention to Combat Desertification
CFC	chlorofluorocarbons
CIDA	Canadian International Development Agency
CIS	Commonwealth of Independent States
CNDH	Commission nationale inter-sectorielle pour le déminage et l'assistance humanitaire
DDR	disarmament, demobilization and rehabilitation
DDS	domestic development services
DESA	Department of Economic and Social Affairs
DEVNET	Development Network
DRPC	Division for Resources Planning and Coordination
EAR	European Agency for Reconstruction
ECA	Economic Commission for Africa
ECE	Economic Commission for Europe
ECHO	European Community Humanitarian Office
ECLAC	Economic Commission for Latin America and the Caribbean
EEC	European Economic Commission
ESCAP	Economic and Social Commission for Asia and the Pacific
ESCWA	Economic and Social Commission for Western Asia
EU	European Union
FAO	Food and Agriculture Organization of the United Nations
FBS	Fonds belge de survie
FGM	female genital mutilation
FMLN	Farabundo Marti National Liberation Front
GEF	Global Environment Facility
GLOG	Guyana Long-term Observation Group
HDRO	Human Development Report Office
IAPSO	Inter-Agency Procurement Services Office
IBRD	International Bank for Reconstruction and Development
ICAO	International Civil Aviation Organization
ICT	information and communication technology
IDA	International Development Association
IFAD	International Fund for Agricultural Development
IFC	International Finance Corporation
ILO	International Labour Organization
IOM	International Organization for Migration
ITC	International Trade Centre UNCTAD/WTO

ITU	International Telecommunication Union
JAIDO	Japan International Development Organization
JOCV	Japan Overseas Cooperation Volunteers
JPO	Junior Professional Officer
KOICA	Korea International Cooperation Agency
MoFA	Ministry of Foreign Affairs
NCA	Norwegian Church Aid
NEX	nationally executed expenditure
NGO	non-governmental organization
NOVIB	Organization for International Development Cooperation
OA	Office of the Administrator
ODS	ozone-depleting substances
OHADA	Organization for the Harmonization of Business Law in Africa
OSG	Operations Support Group
PAPP	Programme of Assistance to the Palestinian People
PFF	Partnership for the Future
PPB	Pilot Programme Brazil
RFA	reserve for field accommodation
ROAR	results-oriented annual report
RRU	Relief and Recovery Unit
SACB	Somalia Aid Coordination Body
SADCC	Southern African Development Coordination Conference
SALW	small arms and light weapons
SIDA	Swedish International Development Cooperation
SNV	Netherlands Development Organization
SRF	strategic results framework
STI	sexually transmitted infection
SU/TCDC	Special Unit for Technical Cooperation Among Developing Countries
SUNV	SNV/UNV
TCA	trichloroethane
UNCDF	United Nations Capital Development Fund
UNCHS	United Nations Centre for Human Settlements (Habitat)
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNFIP	United Nations Fund for International Partnerships
UNIDO	United Nations Industrial Development Organization
UNIFEM	United Nations Development Fund for Women
UNISTAR	United Nations International Short-term Advisory Resources
UNITAR	United Nations Institute for Training and Research
UNOPS	United Nations Office for Project Services
UNRC	United Nations Resident Coordinator
UNSECOORD	Office of the United Nations Security Coordinator
UNSO	Office to Combat Desertification and Drought
UNV	United Nations Volunteers
UPU	Universal Postal Union
WFP	World Food Programme
WHO	World Health Organization
WTO	World Trade Organization

United Nations Development Programme
Biennium 2004-2005

Overview
Income, expenditure and fund balances for the biennium ended 31 December 2005

(Thousands of United States dollars)

	Regular resources activities		*Other resources activities*		*Funds administered by UNDP*	
	2004-2005	*2002-2003*	*2004-2005*	*2002-2003*	*2004-2005*	*2002-2003*
Income						
Contributions	1 765 566	1 440 236	6 979 410	4 532 168	145 962	132 013
Less transfer to biennial support budget	(17 669)	(14 687)				
Contributions — net	**1 747 897**	**1 425 549**	**6 979 410**	**4 532 168**	**145 962**	**132 013**
Interest income	27 202	34 145	115 809	59 327	4 451	2 745
Other income	44 092	57 082	284 621	219 758	10 880	6 835
Total income	**1 819 191**	**1 516 776**	**7 379 840**	**4 811 253**	**161 293**	**141 593**
Expenditure						
Programme	959 240	715 891	5 566 358	4 002 551	115 700	102 028
Programme support costs	—	38 813	15 220	13 498		
Programme support to Resident Coordinator	27 841	12 310	17 214	17 272		
Development support services	9 411	7 830	7 564	—		
UNDP Economist Programme	21 537	8 121				
Biennial support budget — net	566 744	496 358	502 299	368 618	29 886	29 819
Other expenditure	99 552	131 855	(42)	4 311	173	106
Total expenditure	**1 684 325**	**1 411 178**	**6 108 613**	**4 406 250**	**145 759**	**131 953**
Excess (shortfall) of income over expenditure	**134 866**	**105 598**	**1 271 227**	**405 003**	**15 534**	**9 640**
Savings on prior biennium's obligations	821	8 857	1 890	3 707	—	72
Transfer (to) from reserves	(27 000)	(4 455)	(9 000)	(3 400)	400	15 400
Refunds to donors and transfers (to) from other funds	(24 989)	(1 438)	(42 212)	(53 987)	(594)	(2 126)
Fund balances, 1 January	153 812	45 250	1 892 440	1 541 117	68 195	45 209
Fund balances, 31 December	**237 510**	**153 812**	**3 114 345**	**1 892 440**	**83 535**	**68 195**
	Statement I.1		Statement I.2		Schedule 7	

The accompanying notes are an integral part of the financial statements.

United Nations Development Programme
Biennium 2004-2005

Overview
Assets, liabilities, reserves and fund balances as at 31 December 2005

(Thousands of United States dollars)

	Regular resources activities		*Other resources activities*		*Funds administered by UNDP*	
	2004-2005	*2002-2003*	*2004-2005*	*2002-2003*	*2004-2005*	*2002-2003*
Assets						
Cash	111 077	—	21 617	36 820	880	480
Government letters of credit and promissory notes	—	—	248 244	105 517	—	—
Investment held for						
Operational reserve	169 000	142 000				
Regular resources	217 023	281 817	392 635	248 856	118 997	72 773
Reserve for After Service Health Insurance	170 853	—				
Cost-sharing	1 415 662	829 054				
Government cash counterpart contributions	13 532	19 302				
Funds and trust funds	766 624	383 650				
Reimbursable services and miscellaneous activities	449 057	344 857				
Medical Insurance Plan	38 765	24 657				
Subtotal — investments	**3 240 516**	**2 025 337**	**392 635**	**248 856**	**118 997**	**72 773**
Total cash, letters of credit, promissory notes and investments	**3 351 593**	**2 025 337**	**662 496**	**391 193**	**119 877**	**73 253**
Advances						
Operating funds provided to Governments	16 547	11 266	76 427	90 958	51	54
Operating funds provided to executing agents	27 893	78 272	55 689	81 136	384	943
Accounts receivable and deferred charges						
Due from core activities	—	—	2 747 770	1 620 108	6 838	30 362
Reserves for field accommodation	4 272	9 135				
United Nations	11 638	841				
Junior Professional Officers Programme	—	—				
Trust funds established by UNDP	82 602	55 299				

	Regular resources activities		*Other resources activities*		*Funds administered by UNDP*	
	2004-2005	*2002-2003*	*2004-2005*	*2002-2003*	*2004-2005*	*2002-2003*
Funds administered by UNDP	11 305	—				
United Nations Office for Project Services	6 580	—				
United Nations Population Fund	—	7 597				
Other accounts receivable and deferred charges	42 625	48 675	73 150	84 127	5 038	3 347
Accrued interest	23 955	12 923	25 485	11 361	1 347	716
Long-term accounts receivable	—	—	436	608	—	—
Special Capitalized Asset	1 570	1 570	—	—	—	—
Loans to Governments	—	—	806	806	—	105
Construction costs	—	—	42 916	42 893		
Capitalized Rehabilitation	—	—	983	1 118		
Household Appliance Rental Scheme	—	—	—	—		
Allowance for write-down	—	—	(9 632)	(9 710)		
Total assets	**3 580 580**	**2 250 915**	**3 676 526**	**2 314 598**	**133 535**	**108 780**
	Statement II.1		Statement II.2		Schedule 7	

United Nations Development Programme
Biennium 2004-2005

Overview
Assets, liabilities, reserves and fund balances as at 31 December 2005

(Thousands of United States dollars)

	Regular resources activities		*Other resources activities*		*Funds administered by UNDP*	
	2004-2005	*2002-2003*	*2004-2005*	*2002-2003*	*2004-2005*	*2002-2003*
Liabilities						
Operating funds payable to Governments	440	2 963	5 989	21 128	131	56
Operating funds payable to executing agents	4 790	12 545	24 540	46 665	1 538	2 655
Unliquidated obligations	41 248	34 037	203 641	96 301	3 769	7 087
Accounts payable	178 997	89 791	118 436	91 782	2 957	87
Due to UNDP — regular resources by						
Reserve for field accommodation	—	—	4 272	9 135		
Junior Professional Officers Programme			—	—		
Trust funds			82 605	55 299		
Funds administered by UNDP					11 305	—
Due to other resources and funds						
Cost-sharing	1 415 662	829 054				
Government cash counterpart contributions	13 532	19 302				
Trust funds established by UNDP	853 693	404 179				
Funds administered by UNDP	6 838	34 770				
UNV Programme	895	—				
Junior Professional Officers Programme	14 931	9 173				
Reimbursable services and miscellaneous activities	449 057	353 992				
Subtotal — due to other resources and funds	**2 754 608**	**1 650 470**	—	—	—	—
Due to Special Measures Fund	—	—				
Due to United Nations	—	—				
Due to United Nations Office for Project Services	—	52 752				
Due to United Nations Population Fund	29 667	—				
Government advances for rehabilitation costs	—	—	—	—		

	Regular resources activities		*Other resources activities*		*Funds administered by UNDP*	
	2004-2005	*2002-2003*	*2004-2005*	*2002-2003*	*2004-2005*	*2002-2003*
Agency reimbursement of construction costs	—	—	7 748	4 650		
Deferred income	—	—	20	—	—	—
Reserve for Special Initiatives	750	2 975				
Reserve for After-Service Health Insurance	162 000	108 000				
Reserve for Medical Evacuation			706	1 198		
Contingency Reserve Fund			9 227	—		
Total liabilities	**3 172 500**	**1 953 533**	**457 181**	**326 158**	**19 700**	**9 885**
Operational reserves	169 000	142 000	77 000	68 000	30 300	30 700
Endowment fund			3 000	3 000		
Fund balance — authorized level			25 000	25 000		
Special capital resources	1 570	1 570	—	—		
Unexpended resources	237 510	153 812	3 114 345	1 892 440	83 535	68 195
Total unexpended resources and special capital resources	**239 080**	**155 382**	**3 114 345**	**1 892 440**	**83 535**	**68 195**
Total reserves and fund balances	**408 080**	**297 382**	**3 219 345**	**1 988 440**	**113 835**	**98 895**
Total liabilities and reserves and fund balances	**3 580 580**	**2 250 915**	**3 676 526**	**2 314 598**	**133 535**	**108 780**
	Statement II.1		Statement II.2		Schedule 7	

United Nations Development Programme
Biennium 2004-2005

Overview
Movement in resources balances for the biennium ended 31 December 2005

(Thousands of United States dollars)

	Regular resources activities	*Other resources activities*	*Funds administered by UNDP*
Fund balances as at 1 January 2004	153 812	1 892 440	68 195
Net excess (shortfall) of income over expenditure	134 866	1 271 227	15 534
Movement — Savings on prior biennium's obligations	821	1 890	—
Movement — Transfer (to) from reserves	(27 000)	(9 000)	400
Movement — Refunds to donors and transfers (to) from other funds	(24 989)	(42 212)	(594)
Balance as at 31 December 2005	**237 510**	**3 114 345**	**83 535**

Overview

The accompanying notes are an integral part of the financial statements.

United Nations Development Programme
Biennium 2004-2005

Overview
Statement of cash flows for the biennium ended 31 December 2005

(Thousands of United States dollars)

	Regular resource activities		*Other resources activities*		*Funds administered by UNDP*	
	2005	*2003*	*2005*	*2003*	*2005*	*2003*
Cash flows from operating activities						
Excess (shortfall) of income over expenditure	134 866	105 598	1 271 227	405 003	15 534	9 640
Add inflows (Less outflows)						
Increase (decrease) in accounts payable and other liabilities	89 206	34 263	26 654	24 674	2 870	(4 868)
(Increase) decrease in other accounts receivable	6 050	3 581	10 977	(1 526)	(1 691)	6 189
(Increase) decrease in operating funds provided to Governments — net	(7 804)	7 915	(608)	43 535	78	352
(Increase) decrease in operating funds provided to executing agents — net	42 624	(23 757)	3 322	(6 385)	(558)	647
Increase (decrease) in Reserves for Special Initiatives	(2 225)	(275)	—		—	
Increase (decrease) in Reserve for After Service Health Insurance	54 000	54 000	—		—	
Increase (decrease) in Deferred Income	—	(24 883)	20	0	—	
Increase (decrease) in Operational Reserve	27 000	(9 600)	9 000	3 400	(400)	(14 700)
Increase (decrease) in Contingency Reserve			9 227	0		
Increase (decrease) in unliquidated obligations	7 211	(36 764)	107 340	(97 623)	(3 318)	1 429
Less Interest income	27 202	34 145	115 809	59 327	4 451	2 255
Net cash from operating activities	**323 726**	**75 933**	**1 321 350**	**311 751**	**8 064**	**(3 566)**
Cash flows from investing and financing activities						
Add inflows (Less outflows)						
(Increase) decrease in due to/from other programmes	1 070 393	239 563	(1 105 222)	(229 186)	34 829	(11 058)
(Increase) decrease in due from United Nations	(10 797)	2 336	—		—	
(Increase) decrease in due from UNFPA	37 264	8 761	—		—	
Increase (decrease) in due to UNOPS	(59 332)	20 141	—		—	
(Increase) decrease in accrued interest	(11 032)	(488)	(14 124)	1 173	(631)	304

	Regular resource activities		*Other resources activities*		*Funds administered by UNDP*	
	2005	*2003*	*2005*	*2003*	*2005*	*2003*
Increase (decrease) in RFA activities	—		3 304	(1 236)	—	
(Increase) decrease in loans to Governments	—		—		105	828
Add Interest income	27 202	34 145	115 809	59 327	4 451	2 255
Net cash from investing and financing activities	**1 053 698**	**304 458**	**(1 000 233)**	**(169 922)**	**38 754**	**(7 671)**
Cash flows from other sources						
Savings on prior biennium's obligations	821	8 857	1 890	3 707	—	72
Refunds to donors and transfers to/from other funds — net	(24 989)	(1 438)	(51 212)	(57 387)	—	13 274
Movement in Operational Reserve	(27 000)	(4 455)	0		400	
Movement in Reserve for Medical Evacuation	—		(492)	(591)	(594)	
Net cash from other sources	**(51 168)**	**2 964**	**(49 814)**	**(54 271)**	**(194)**	**13 346**
Net increase (decrease) in cash, letters of credit and investments	**1 326 256**	**383 355**	**271 303**	**87 558**	**46 624**	**2 109**
Cash, letters of credit and investments as at 1 January	**2 025 337**	**1 641 982**	**391 193**	**303 635**	**73 253**	**71 144**
Cash, letters of credit and investments as at 31 December	**3 351 593**	**2 025 337**	**662 496**	**391 193**	**119 877**	**73 253**
	Statement II.1		Statement II.2			

The accompanying notes are an integral part of the financial statements.

United Nations Development Programme
Biennium 2004-2005

Statement I. Income, expenditures and fund balances for the biennium ended 31 December 2005

I.1. Regular resources activities

(Thousands of United States dollars)

	Core activities		*Special Measures Fund for Least Developed Countries (LDCs)*		*Total regular resources activities*	
	2004-2005	*2002-2003*	*2004-2005*	*2002-2003*	*2004-2005*	*2002-2003*
Income						
Contributions	1 765 566	1 440 236	—	—	1 765 566	1 440 236
Less transfer to biennial support budget — note 5	(17 669)	(14 687)	—	—	(17 669)	(14 687)
Contributions — net	**1 747 897**	**1 425 549**	**—**	**—**	**1 747 897**	**1 425 549**
Interest income — note 6	27 202	34 145	—	—	27 202	34 145
Other income — schedule 1	44 092	57 082	—	—	44 092	57 082
Total income	**1 819 191**	**1 516 776**			**1 819 191**	**1 516 776**
Expenditure						
Programme	957 160	713 373	2 080	2 518	959 240	715 891
Programme support costs — note 11	0	38 813	—	—	0	38 813
Programme support to Resident Coordinator — note 21 (a)	27 841	12 310	—	—	27 841	12 310
Development Support Services	9 411	7 830	—	—	9 411	7 830
UNDP Sectoral Support Services	—	—	—	—	—	—
UNDP Economist Programme	21 537	8 121	—	—	21 537	8 121
Biennial support budget — net — schedule 3	566 744	496 358	—	—	566 744	496 358
Other expenditure — schedule 1	99 552	131 855	—	—	99 552	131 855
Total expenditure	**1 682 245**	**1 408 660**	**2 080**	**2 518**	**1 684 325**	**1 411 178**

	Core activities		*Special Measures Fund for Least Developed Countries (LDCs)*		*Total regular resources activities*	
	2004-2005	*2002-2003*	*2004-2005*	*2002-2003*	*2004-2005*	*2002-2003*
Excess (shortfall) of income over expenditure	**136 946**	**108 116**	**(2 080)**	**(2 518)**	**134 866**	**105 598**
Savings on prior period biennium's obligations	821	8 857	—	—	821	8 857
Transfer (to) from reserves	(27 000)	(4 455)	—	—	(27 000)	(4 455)
Refunds to donors and transfers (to) from other funds	(24 989)	(1 438)	—	—	(24 989)	(1 438)
Fund balances, 1 January	145 378	34 298	8 434	10 952	153 812	45 250
Fund balances, 31 December	**231 156**	**145 378**	**6 354**	**8 434**	**237 510**	**153 812**

United Nations Development Programme
Biennium 2004-2005

Statement I. Income, expenditures and fund balances for the biennium ended 31 December 2005

I.2. Other resources activities

(Thousands of United States dollars)

	UNDP cost-sharing		*Government Cash Counterpart Contributions (GCCC)*		*Trust Funds established by UNDP*		*Reimbursable support services and miscellaneous activities*		*Elimination*		*Total other resources activities*	
	2004-2005	*2002-2003*	*2004-2005*	*2002-2003*	*2004 2005*	*2002-2003*	*2004-2005*	*2002-2003*	*2004-2005*	*2002-2003*	*2004-2005*	*2002-2003*
Income												
Contributions	4 183 794	2 652 101	139	129	2 360 297	1 461 552	435 100	418 386			6 979 410	4 532 168
Interest income — note 6	63 450	28 628	698	—	36 289	11 837	15 372	18 862			115 809	59 327
Other income — schedule 1	228	2 797	—	—	2 355	4 324	466 401	315 770	(184 363)	(103 133)	284 621	219 758
Total income	**4 247 472**	**2 683 526**	**837**	**129**	**2 398 941**	**1 477 713**	**916 953**	**753 018**	**(184 363)**	**(103 133)**	**7 379 840**	**4 811 253**
Expenditure												
Programme	3 517 224	2 473 993	—	1 198	1 755 477	1 179 896	293 657	347 464	—	—	5 566 358	4 002 551
Programme support costs — note 11	—	—	—	—	—	—	15 220	13 498	—	—	15 220	13 498
Programme support to Resident Coordinator — note 21 (a)	—	—	—	—	—	—	17 214	17 272	—	—	17 214	17 272
Development Advisory Services	—	—	—	—	—	—	7 564	—	—	—	7 564	0
Biennial support budget — net	123 738	71 850	—	—	94 079	79 103	468 845	320 798	(184 363)	(103 133)	502 299	368 618
Other expenditure	7	2 138	—	24	(200)	1 985	151	164	—	—	(42)	4 311
Total expenditure	**3 640 969**	**2 547 981**	**—**	**1 222**	**1 849 356**	**1 260 984**	**802 651**	**699 196**	**(184 363)**	**(103 133)**	**6 108 613**	**4 406 250**

	UNDP cost-sharing		*Government Cash Counterpart Contributions (GCCC)*		*Trust Funds established by UNDP*		*Reimbursable support services and miscellaneous activities*		*Elimination*		*Total other resources activities*	
	2004-2005	*2002-2003*	*2004-2005*	*2002-2003*	*2004-2005*	*2002-2003*	*2004-2005*	*2002-2003*	*2004-2005*	*2002-2003*	*2004-2005*	*2002-2003*
Excess (shortfall) of income over expenditure	**606 503**	**135 545**	**837**	**(1 093)**	**549 585**	**216 729**	**114 302**	**53 822**	—	—	**1 271 227**	**405 003**
Savings on prior biennium's obligations	—	13	—	—	(97)	589	1 987	3 105	—	—	1 890	3 707
Transfer (to) from reserves	—	—	—	—	—	—	(9 000)	(3 400)	—	—	(9 000)	(3 400)
Refunds to donors and transfer	14 670	(15 367)	(6 619)	490	(42 173)	(31 446)	(8 090)	(7 664)	—	—	(42 212)	(53 987)
Fund balances, 1 January	968 209	848 018	19 322	19 925	602 849	416 977	302 060	256 197	—	—	1 892 440	1 541 117
Fund balances, 31 December	**1 589 382**	**968 209**	**13 540**	**19 322**	**1 110 164**	**602 849**	**401 259**	**302 060**	—	—	**3 114 345**	**1 892 440**
					Schedule 5		Schedule 6				Overview	

United Nations Development Programme
Biennium 2004-2005

Statement II. Assets, liabilities, reserves and fund balances as at 31 December 2005

II.1. Regular resources activities

(Thousands of United States dollars)

	Core activities		*Special Measures Fund for Least Developed Countries (LDCs)*		*Elimination (note 2j)*		*Total regular resources activities*	
	2004-2005	*2002-2003*	*2004-2005*	*2002-2003*	*2004-2005*	*2002-2003*	*2004-2005*	*2002-2003*
Assets								
Cash — note 8	111 077	—	—	—	—	—	111 077	0
Government letters of credits — note 10	—	—	—	—	—	—	0	0
Investments held for								
Operational reserves — note 2 (h)	169 000	142 000	—	—	—	—	169 000	142 000
Regular resources	217 023	281 817	—	—	—	—	217 023	281 817
Reserve for After Service Health Insurance	170 853	—	—	—	—	—	170 853	0
Cost sharing	1 415 662	829 054	—	—	—	—	1 415 662	829 054
Government Cash Counterpart Contributions	13 532	19 302	—	—	—	—	13 532	19 302
Funds and Trust Funds	766 624	383 650	—	—	—	—	766 624	383 650
Reimbursable Services and Miscellaneous Activities	449 057	344 857	—	—	—	—	449 057	344 857
Medical Insurance Plan	38 765	24 657	—	—	—	—	38 765	24 657
Subtotal — Investments	**3 240 516**	**2 025 337**	—	—	—	—	**3 240 516**	**2 025 337**
Total Cash, Letters of Credit, Promissory Notes and Investments	**3 351 593**	**2 025 337**	—	—	—	—	**3 351 593**	**2 025 337**
Advances								
Operating funds provided to Governments	16 532	11 265	15	1	—	—	16 547	11 266
Operating funds provided to executing agents	27 893	78 272	—	—	—	—	27 893	78 272

	Core activities		Special Measures Fund for Least Developed Countries (LDCs)		Elimination (note 2j)		Total regular resources activities	
	2004-2005	2002-2003	2004-2005	2002-2003	2004-2005	2002-2003	2004-2005	2002-2003
Accounts receivable and deferred charges								
Due from core activities			6 470	8 438	(6 470)	(8 438)		
Core — Due from Reserves for Field Accommodation	4 272	9 135	—	—	—	—	4 272	9 135
Junior Professional Officers Programme	—	0	—	—	—	—	0	0
Trust Funds established by UNDP	82 602	55 299	—	—	—	—	82 602	55 299
Funds administered by UNDP	11 305	0	—	—	—	—	11 305	0
United Nations Office for Project Services	6 580	0	—	—	—	—	6 580	0
United Nations Population Fund	—	7 597	—	—	—	—	0	7 597
Core due from United Nations	11 638	841	—	—	—	—	11 638	841
Other accounts receivable and deferred charges	42 625	48 675	—	—	—	—	42 625	48 675
Accrued interest	23 955	12 923	—	—	—	—	23 955	12 923
Special capitalized asset — note 14 (a)	1 570	1 570	—	—	—	—	1 570	1 570
Total assets	**3 580 565**	**2 250 914**	**6 485**	**8 439**	**(6 470)**	**(8 438)**	**3 580 580**	**2 250 915**

United Nations Development Programme
Biennium 2004-2005

Statement II. Assets, liabilities, reserves and fund balances as at 31 December 2005

II.1. Regular resources activities

(Thousands of United States dollars)

	Core activities		*Special Measures Fund for Least Developed Countries (LDCs)*		*Elimination (note 2)*		*Total regular resources activities*	
	2004-2005	*2002-2003*	*2004-2005*	*2002-2003*	*2004-2005*	*2002-2003*	*2004-2005*	*2002-2003*
Liabilities								
Operating funds payable to Governments	439	2 958	1	5	—	—	440	2 963
Operating funds payable to executing agents	4 790	12 545	—	—	—	—	4 790	12 545
Unliquidated obligations — note 18	41 132	34 037	116	—	—	—	41 248	34 037
Accounts payable — note 12 (b)	178 983	89 791	14	—	—	—	178 997	89 791
Due to other resources and funds								
Cost-sharing	1 415 662	829 054	—	—	—	—	1 415 662	829 054
Government Cash Counterpart Contributions	13 532	19 302	—	—	—	—	13 532	19 302
UNV Programme	895	—	—	—	—	—	895	0
Junior Professional Officers Programme	14 931	9 173	—	—	—	—	14 931	9 173
Trust Funds established by UNDP	853 693	404 179	—	—	—	—	853 693	404 179
Funds administered by UNDP	6 838	34 770	—	—	—	—	6 838	34 770
Reimbursable services and miscellaneous activities	449 057	353 992	—	—	—	—	449 057	353 992
Subtotal — Due to other resources and funds	**2 754 608**	**1 650 470**	—	—	—	—	**2 754 608**	**1 650 470**
Due to Special Measures Fund	6 470	8 438	—	—	(6 470)	(8 438)	0	0
United Nations	—	—	—	—	—	—	0	0
United Nations Office for Project Services	—	52 752	—	—	—	—	0	52 752
United Nations Population Fund	29 667	—	—	—	—	—	29 667	0

	Core activities		*Special Measures Fund for Least Developed Countries (LDCs)*		*Elimination (note 2j)*		*Total regular resources activities*	
	2004-2005	*2002-2003*	*2004-2005*	*2002-2003*	*2004-2005*	*2002-2003*	*2004-2005*	*2002-2003*
Deferred Income — note 14 (b)	—	—	—	—	—	—	0	0
Reserves for special initiatives — note 15	750	2 975	—	—	—	—	750	2 975
Reserve for after service health insurance	162 000	108 000	—	—	—	—	162 000	108 000
Total liabilities	**3 178 839**	**1 961 966**	**131**	**5**	**(6 470)**	**(8 438)**	**3 172 500**	**1 953 533**
Reserves and fund balances								
Operational reserve — note 2 (h)	169 000	142 000	—	—	—	—	169 000	142 000
Special capital resources	1 570	1 570	—	—	—	—	1 570	1 570
Unexpended resources — note 16 (a)	231 156	145 378	6 354	8 434	—	—	237 510	153 812
Total unexpended resources and special capital resources	**232 726**	**146 948**	**6 354**	**8 434**	**—**	**—**	**239 080**	**155 382**
Total reserves and fund balances	**401 726**	**288 948**	**6 354**	**8 434**	**—**	**—**	**408 080**	**297 383**
Total liabilities and reserves and fund balances	**3 580 565**	**2 250 914**	**6 485**	**8 439**	**(6 470)**	**(8 438)**	**3 580 580**	**2 250 915**

United Nations Development Programme
Biennium 2004-2005

Statement II. Assets, liabilities, reserves and fund balances as at 31 December 2005

II.2. Other resources activities

(Thousands of United States dollars)

	UNDP cost-sharing		*Government Cash Counterpart Contributions (GCCC)*		*Trust Funds established by UNDP*		*Reimbursable support services and miscellaneous activities*		*Total other resources activities*	
	2005	*2003*	*2005*	*2003*	*2005*	*2003*	*2005*	*2003*	*2005*	*2003*
Assets										
Cash — note 8	—	—	—	—	3	10 117	21 614	26 703	21 617	36 820
Government letters of credit and promissory notes — note 10	198 356	74 067	—	—	49 888	31 450	—	—	248 244	105 517
Investments held for regular resources	—	—	—	—	344 787	215 954	47 848	32 902	392 635	248 856
Subtotal — investments	—	—	—	—	**344 787**	**215 954**	**47 848**	**32 902**	**392 635**	**248 856**
Total cash, letters of credit, promissory notes and investments	**198 356**	**74 067**	—	—	**394 678**	**257 521**	**69 462**	**59 605**	**662 496**	**391 193**
Advances										
Operating funds provided to Governments	40 062	45 057	20	20	35 646	45 881	699	—	76 427	90 958
Operating funds provided to executing agents	38 754	59 762	—	—	16 884	21 374	51	—	55 689	81 136
Accounts receivable and deferred charges										
Due from core activities	1 415 662	829 054	13 532	19 302	853 693	404 179	464 883	367 573	2 747 770	1 620 108

	UNDP cost-sharing		Government Cash Counterpart Contributions (GCCC)		Trust Funds established by UNDP		Reimbursable support services and miscellaneous activities		Total other resources activities	
	2005	2003	2005	2003	2005	2003	2005	2003	2005	2003
Other accounts receivable and deferred charges — note 12 (a)	24 078	39 554	—	—	5 827	7 262	43 245	37 311	73 150	84 127
Accrued interest	21 233	9 750	—	—	3 434	1 281	818	330	25 485	11 361
Long-term accounts receivable — note 13	—	—	—	—	—	—	436	608	436	608
Other capital assets	—	—	—	—	—	—	—	—	—	—
Loans to Governments	—	—	—	—	—	—	806	806	806	806
Construction costs	—	—	—	—	—	—	42 916	42 893	42 916	42 893
Capitalized rehabilitation	—	—	—	—	—	—	983	1 118	983	1 118
Household appliance rental scheme	—	—	—	—	—	—	—	—	—	—
Allowance for write-down	—	—	—	—	—	—	(9 632)	(9 710)	(9 632)	(9 710)
Total assets	**1 738 145**	**1 057 244**	**13 552**	**19 322**	**1 310 162**	**737 498**	**614 667**	**500 534**	**3 676 526**	**2 314 598**

Statement II. Assets, liabilities, reserves and fund balances as at 31 December 2005

II.2. Other resources activities

(Thousands of United States dollars)

	UNDP cost-sharing		*Government Cash Counterpart Contributions (GCCC)*		*Trust Funds established by UNDP*		*Reimbursable support services and miscellaneous activities*		*Total other resources activities*	
	2005	*2003*	*2005*	*2003*	*2005*	*2003*	*2005*	*2003*	*2005*	*2003*
Liabilities										
Operating funds payable to Governments	—	11 854	12	—	5 933	9 274	44	—	5 989	21 128
Operating funds payable to executing agents	6 462	9 465	—	—	18 076	37 182	2	18	24 540	46 665
Unliquidated obligations — note 18	66 561	25 678	—	—	79 292	29 394	57 788	41 229	203 641	96 301
Accounts payable — note 12 (b)	75 740	42 038	—	—	1 848	500	40 848	49 244	118 436	91 782
Due to UNDP — regular resources by										
Reserve field accommodations	—	—	—	—	—	—	4 272	9 135	4 272	9 135
JPO Programme	—	—	—	—	—	—	—	—	—	—
Trust funds	—	—	—	—	82 602	55 299	—	—	82 602	55 299
Government advances for rehabilitation costs	—	—	—	—	—	—	—	—	—	—
Agency reimbursement of construction costs	—	—	—	—	—	—	7 748	4 650	7 748	4 650
Deferred income	—	—	—	—	20	—	—	—	20	—
Reserve for medical evacuation	—	—	—	—	—	—	706	1 198	706	1 198
Contingency reserve fund	—	—	—	—	9 227	—	—	—	9 227	—
Total liabilities	**148 763**	**89 035**	**12**	**—**	**196 998**	**131 649**	**111 408**	**105 474**	**457 181**	**326 158**

	UNDP cost-sharing		*Government Cash Counterpart Contributions (GCCC)*		*Trust Funds established by UNDP*		*Reimbursable support services and miscellaneous activities*		*Total other resources activities*	
	2005	*2003*	*2005*	*2003*	*2005*	*2003*	*2005*	*2003*	*2005*	*2003*
Reserves and fund balances										
Fund balance — authorized level	—	—	—	—	—	—	25 000	25 000	25 000	25 000
Operational reserve	—	—	—	—	—	—	77 000	68 000	77 000	68 000
Endowment fund	—	—	—	—	3 000	3 000	—	—	3 000	3 000
Special capital resources	—	—	—	—	—	—	—	—	—	—
Unexpended resources	1 589 382	968 209	13 540	19 322	1 110 164	602 849	401 259	302 060	3 114 345	1 892 440
Total unexpended resources and special capital resources	**1 589 382**	**968 209**	**13 540**	**19 322**	**1 110 164**	**602 849**	**401 259**	**302 060**	**3 114 345**	**1 892 440**
Total reserves and fund balances	**1 589 382**	**968 209**	**13 540**	**19 322**	**1 113 164**	**605 849**	**503 259**	**395 060**	**3 219 345**	**1 988 440**
Total liabilities and reserves and fund balances	**1 738 145**	**1 057 244**	**13 552**	**19 322**	**1 310 162**	**737 498**	**614 667**	**500 534**	**3 676 526**	**2 314 598**
					Schedule 5		Schedule 6		Overview	

The accompanying notes are an integral part of the financial statements.

United Nations Development Programme
Biennium 2004-2005

Statement III. Statement of cash flows for the biennium ended 31 December 2005

III.1. Regular resources activities

(Thousands of United States dollars)

	Core activities	*Special Measures Funds for Least Developed Countries (LDCs)*	*Total regular resources activities*	
			2005	*2003*
Cash flows from operating activities				
Excess (shortfall) of Income over expenditure	136 946	(2 080)	134 866	105 598
1 Add inflows (Less outflows)				
Increase (decrease) in accounts payable	89 192	14	89 206	34 263
(Increase) decrease in other accounts receivable and deferred charges	6 050	—	6 050	3 581
(Increase) decrease in operating funds provided to Governments — net	(7 786)	(18)	(7 804)	7 915
(Increase) decrease in operating funds provided to executing agents — net	42 624	—	42 624	(23 757)
Increase (decrease) in Reserves for Special Initiatives	(2 225)	—	(2 225)	(275)
Increase (decrease) in Reserve for After Service Health Insurance	54 000	—	54 000	54 000
Increase (decrease) Deferred income	—	—	—	(24 883)
Increase (decrease) in operational reserve	27 000	—	27 000	(9 600)
Increase (decrease) in unliquidated obligations	7 095	116	7 211	(36 764)
Less Interest income	27 202	—	27 202	34 145
Net cash from operating activities	**325 694**	**(1 968)**	**323 726**	**75 933**
Cash flows from investing and financing activities				
2 Add inflows (Less outflows)				
Increase (decrease) in due to other programmes — net	1 068 425	1 968	1 070 393	239 563
(Increase) decrease in due from United Nations	(10 797)	—	(10 797)	2 336
(Increase) decrease in due from UNFPA	37 264	—	37 264	8 761
Increase (decrease) in due to UNOPS	(59 332)	—	(59 332)	20 141
(Increase) decrease in accrued interest	(11 032)	—	(11 032)	(488)

	Core activities	Special Measures Funds for Least Developed Countries (LDCs)	Total regular resources activities	
			2005	2003
Add Interest income	27 202	—	27 202	34 145
Net cash from investing and financing activities	**1 051 730**	**1 968**	**1 053 698**	**304 458**
Cash flows from other sources				
Savings on prior biennium's obligations	821	—	821	8 857
Refunds to donors and transfers to/from other funds — net	(24 989)	—	(24 989)	(1 438)
Movement in operational reserves	(27 000)	—	(27 000)	(4 455)
Net cash from other sources	**51 168**	—	**(51 168)**	**2 964**
Net increase (decrease) in cash, letters of credit and investments	1 326 256	—	1 326 256	383 355
1 **Cash, letters of credit and investments as at 1 January**	2 025 337	—	2 025 337	1 641 982
2 **Cash, letters of credit and investments as at 31 December**	3 351 593	—	3 351 593	2 025 337

Overview

The accompanying notes are an integral part of the financial statements.

Statement III. Statement of cash flows for the 12 months ended 31 December 2005

III.2. Other resources activities

(Thousands of United States dollars)

	Cost-sharing	Government Cash Counterpart Contributions (GCCC)	Trust funds established by UNDP	Reimbursable support services and miscellaneous activities	Total other resources activities	
					2005	2004
Cash flows from operating activities						
Excess (shortfall) of Income over expenditure	606 503	837	549 585	114 302	1 271 227	405 003
Add inflows (Less outflows)						
Increase (decrease) in accounts payable	33 702	—	1 348	(8 396)	26 654	24 674
(Increase) decrease in other accounts receivable and deferred charges	15 476	—	1 435	(5 934)	10 977	(1 526)
(Increase) decrease in operating funds provided to Governments — net	(6 859)	12	6 894	(655)	(608)	43 535
(Increase) decrease in operating funds provided to Executing agents — net	18 005	—	(14 616)	(67)	3 322	(6 385)
Increase (decrease) deferred income	—	—	20	—	20	—
Increase (decrease) in Operational Reserve	—	—	—	9 000	9 000	3 400
Increase (decrease) in Contingency Reserve Fund	—	—	9 227	—	9 227	
Increase (decrease) in unliquidated obligations	40 883	—	49 89	16 559	107 340	(97 623)
Less Interest income	63 450	698	36 28	15 372	115 809	59 327
Net cash from operating activities	**644 260**	**151**	**567 502**	**109 437**	**1 321 350**	**311 751**
Cash flows from investing and financing activities						
Add inflows (Less outflows)						
Increase (decrease) in due from other programmes	(586 608)	5 770	(422 211)	(102 173)	(1 105 222)	(229 186)
(Increase) decrease in accrued interest	(11 483)		(2 153)	(488)	(14 124)	1 173
Increase (decrease) in RFA activities	—	—	—	3 304	3 304	(1 236)
Add Interest income	63 450	698	36 289	15 372	115 809	59 327
Net cash from investing and financing activities	**(534 641)**	**6 468**	**(388 075)**	**(83 985)**	**(1 000 233)**	**(169 922)**

	Cost-sharing	Government Cash Counterpart Contributions (GCCC)	Trust funds established by UNDP	Reimbursable support services and miscellaneous activities	Total other resources activities	
					2005	2003
Cash flows from other sources						
Savings on prior biennium's obligations	—	—	(97)	1 987	1 890	3 707
Refunds to donors and transfers to/from other funds — net	14 670	(6 619)	(42 173)	(17 090)	(51 212)	(57 387)
Movement in operational reserves	—	—	—	—	—	—
Movement in Reserve for Medical Evacuation	—	—	—	(492)	(492)	(591)
Net cash from other sources	**14 670**	**(6 619)**	**(42 270)**	**(15 595)**	**(49 814)**	**(54 271)**
Net increase (decrease) in cash, letters of credit and investments	**124 289**	—	**137 157**	**9 857**	**271 303**	**87 558**
Cash, letters of credit and investments as at 1 January	**74 067**	—	**257 521**	**59 605**	**391 193**	**303 635**
Cash, letters of credit and investments as at 31 December	**198 356**	—	**394 678**	**69 462**	**662 496**	**391 193**

The accompanying notes are an integral part of the financial statements.

United Nations Development Programme
Biennium 2004-2005

Statement IV. Movement in resources balances for the biennium ended 31 December 2005

IV.1 Regular resources activities

(Thousands of United States dollars)

	Core activities	*Special Measures Funds for Least Developed Countries (LDCs)*	*Total regular resources activities*
Balance as at 1 January 2004	145 378	8 434	153 812
Net excess (shortfall) of income over expenditure	136 946	(2 080)	134 866
Savings on prior biennium's obligations	821	—	821
Transfer (to) from reserves	(27 000)	—	(27 000)
Refunds to donors and transfers (to) from other funds	(24 989)	—	(24 989)
Balance as at 31 December 2005	**231 156**	**6 354**	**237 510**

The accompanying notes are an integral part of the financial statements.

United Nations Development Programme
Biennium 2004-2005

Statement IV. Movement in resources balances for the biennium ended 31 December 2005

IV.2. Other resources activities

(Thousands of United States dollars)

	UNDP cost-sharing	*Government Cash Counterpart Contributions (GCCC)*	*Trust Funds established by UNDP*	*Reimbursable support services and miscellaneous activities*	*Total other resources activities*
Balance as at 1 January 2004	968 209	19 322	602 849	302 060	1 892 440
Net excess (shortfall) of income over expenditure	606 503	837	549 585	114 302	1 271 227
Savings on prior biennium's obligations	—	—	(97)	1 987	1 890
Transfer (to) from reserves	—	—	—	(9 000)	(9 000)
Refunds to donors and transfers (to) from other funds	14 670	(6 619)	(42 173)	(8 090)	(42 212)
Balance as at 31 December 2005	**1 589 382**	**13 540**	**1 110 164**	**401 259**	**3 114 345**

The accompanying notes are an integral part of the financial statements

United Nations Development Programme
Biennium 2004-2005

Schedule 1. Regular resources: Other income and expenditure for the biennium ended 31 December 2005

(Thousands of United States dollars)

	2004-2005	*2002-2003*
Other income		
Miscellaneous income and exchange adjustments from accounts of executing agencies	2 152	7 826
Discounts from preferred carriers	—	962
Miscellaneous income	4 987	7 299
Donations	—	3
Net adjustments on revaluation of currencies and gains on exchange	35 924	40 490
Miscellaneous income from Foreign Exchange Management Activities	1 029	502
Total other income	**44 092**	**57 082**
	Statement I.1	
Other expenditure		
Net adjustments on revaluation of currencies and losses on exchange	27 729	48 508
Exchange adjustments from accounts of executing agents	589	3 072
Bank charges	6 377	1 826
Expert hiatus financing — extended sick leave costs and compensatory payments	—	23
Miscellaneous expenditure from Foreign Exchange Management Activities	1 128	7 686
Miscellaneous charges from accounts of executing agents	1 376	1 189
Miscellaneous expenditure	380	4 794
Write-offs and miscellaneous provisions	7 973	10 757
Subtotal other expenditure	**45 552**	**77 855**
Provision for After-Service Health Insurance	54 000	54 000
Total other expenditure	**99 552**	**131 855**
	Statement I.1	

The accompanying notes are an integral part of the financial statements

United Nations Development Programme
Biennium ended 31 December 2005

Schedule 2. Programme expenditure by implementing agents and sources of fund

(Thousands of United States Dollars)

	Target for resource assignment from Core (TRAC)									
Agents	*Country and regional (Line 1.1.1/ 1.1.2/1.2)*	*Countries in special situations (Line 1.1.3)*	*Global, interregional and special activities (Line 1.3)*	*Evaluation (Line 1.4)*	*TCDC special resources for TCDC activities (Line 1.5)*	*IFF add-on funds*	*Special MDG and related initiatives*	*Subtotal*	*Amounts charged to cost-sharing*	***Grand total***
FAO	8 420	151	—	—	—	—	36	8 607	3 530	**12 137**
DEVNET	0	—	—	—	—	—	—	0	632	**632**
UNESCO	3 651	—	—	—	—	—	244	3 895	1 989	**5 884**
ILO	4 048	76	88	—	—	—	—	4 212	1 759	**5 971**
ECA	—	—	—	—	—	—	—	0	0	**0**
ECLAC	0	—	—	—	—	—	—	0	0	**0**
ESCAP	599	131	—	—	—	—	378	1 108	85	**1 193**
ESCWA	74	—	—	—	—	—	—	74	0	**74**
ECE	0	—	—	—	—	—	—	0	0	**0**
UNCTAD	1 305	15	566	—	—	—	—	1 886	1 995	**3 881**
UNCHS	12 419	—	1 028	—	—	—	49	13 496	10 755	**24 251**
ICAO	190	—	—	—	—	—		190	18 358	**18 548**
WHO	243	—	—	—	—	—	—	243	159	**402**
IBRD	48	—	134	—	—	—	—	182	0	**182**
IFC	0	—	—	—	—	—	—	0		**0**
UPU	54	—	—	—	—	—	—	54	0	**54**
ITU	330	—	—	—	4	—	0	334	5 459	**5 793**
WMO	44	—	—	—	—	—	—	44	1 915	**1 959**
IMO	58	—	—	—	—	—	—	58		**58**
WIPO	—	—	—	—	—	—	—	0	0	**0**
IAEA	—	—	—	—	—	—	—	0	0	**0**
ITC	408	—	—	—	—	—	—	408	508	**916**
WTO	584	—	—	—	—	—	—	584	1 287	**1 871**
UNCDF	1 113	—	—	—	—	—	—	1 113	373	**1 486**

Agents	Target for resource assignment from Core (TRAC)									
	Country and regional (Line 1.1.1/1.1.2/1.2)	Countries in special situations (Line 1.1.3)	Global, interregional and special activities (Line 1.3)	Evaluation (Line 1.4)	TCDC special resources for TCDC activities (Line 1.5)	IPF add-on funds	Special MDG and related initiatives	Subtotal	Amounts charged to cost-sharing	**Grand total**
AsDB	—	—	—	—	—	—	—	0	0	**0**
IMF	247	—	—	—	—	—	—	247	5 736	**5 983**
UNDESA	14 415	—	—	—	—	—	1 224	15 639	4 581	**20 220**
AFESD	—	—	—	—	—	—	—	0	0	**0**
UNITAR	—	—	—	—	—	—	—	0	0	**0**
IOM	552	—	—	—	—	—	—	552	21 576	**22 128**
UNIFEM	779	—	—	—	—	—	—	779	1 303	**2 082**
UNIDO	1 966	—	—	—	—	—	1	1 967	680	**2 647**
UNOPS	107 516	13 524	9 256	5 437	5 703	0	234	141 670	257 156	**398 826**
NEX	419 223	4 822	—	—	81	—	626	424 752	2 409 616	**2 834 368**
UNDP	214 070	38 058	50 306	—	262	—	10 693	313 389	698 673	**1 012 062**
Others	6 991	600			805		225	8 621	39 467	**48 088**
UNV	2 600	1 336	—	—	—	—	—	3 936	7 099	**11 035**
NGOs International	2 119	22	250	—	—	—	—	2 391	15 682	**18 073**
NGOs National	6 527	19	83	—	—	—	100	6 729	6 851	**13 580**
Grand total	**810 593**	**58 754**	**61 711**	**5 437**	**6 855**	**0**	**13 810**	**957 160**	**3 517 224**	**4 474 384**

United Nations Development Programme
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Schedule 3. Biennial support budget for the biennium ended 31 December 2005

Programme support activities

Management and administration costs

Support to operational activities of the United Nations system

(Thousands of United States dollars)

	Revised appropriations 2004-2005	2004-2005 expenditure			Balance
		Disbursements	Obligations	Total	
Programme support activities					
Country Offices	297 650	286 963	5 223	292 186	5 464
Headquarters	75 294	65 324	1 721	67 045	8 249
Total	**372 944**	**352 287**	**6 944**	**359 231**	**13 713**
Management and administration					
Management and administration	133 367	122 545	4 209	126 754	6 613
Total	**133 367**	**122 545**	**4 209**	**126 754**	**6 613**
Support to operational activities of the United Nations System					
Country Offices	104 579	100 825	1 835	102 660	1 919
Development Group Office	3 153	2 729	45	2 774	379
Inter-Agency Procurement Services Office	956	970	1	971	(15)
United Nations Volunteers programme	30 479	30 279	196	30 475	4
Total	**139 167**	**134 803**	**2 077**	**136 880**	**2 287**
Total biennial support budget — gross	**645 478**	**609 635**	**13 230**	**622 865**	**22 613**
Less Income	**(70 310)**	**(56 121)**	—	**(56 121)**	**(14 189)**
Total biennial support budget — net	**575 168**	**553 514**	**13 230**	**566 744**	**8 424**

Statement I.1

The accompanying notes are an integral part of the financial statements

United Nations Development Programme
Biennium 2004-2005

Schedule 4. Regular resources: Biennial support budget — Gross

Expenditure against biennial support budget — Gross by major category of expenditure for the biennium ended 31 December 2005

(Thousands of United States dollars)

	Appropriations 2004-2005	*2004-2005 expenditure*			*Balance*
		Disbursements	*Obligations*	*Total*	
Posts	446 127	412 048	7 238	419 286	26 841
Other staff costs	7 680	2 264	—	2 264	5 416
Consultants	6 405	5 634	442	6 076	329
Travel	13 852	23 755	2 395	26 150	(12 298)
Operating expenses	127 904	122 377	1 970	124 347	3 557
Furniture	14 566	11 330	1 161	12 491	2 075
Reimbursements/contributions	28 944	32 226	25	32 251	(3 307)
Total	**645 478**	**609 634**	**13 231**	**622 865**	**22 613**
				Schedule 3	

The accompanying notes are an integral part of the financial statements.

United Nations Development Programme
Biennium 2004-2005

Schedule 5. Trust Funds established by UNDP

Schedule of income, expenditure and fund balances for the biennium ended 31 December 2005

(Thousands of United States dollars)

			Income				*Expenditure*					
			Trust Funds				*Trust Funds*					
Name of Trust Fund	*Year*	*Fund balances as at 1 January*[a]	*Contributions*	*Other*	*Sub-trust funds*	*Total*	*Project costs*	*Other*	*Sub-trust funds*[b]	*Total*	*Refunds to donors and transfers to/from other funds — net*	*Fund balances as at 31 December*[a]
Fund Manager: BDP												
Trust Fund to Combat Desertification and Drought (UNSO)	2004-2005	3 605	1 294	389	125	1 808	1 386	(958)	104	532	(566)	4 315
	2002-2003	8 767	2 735	11	292	3 038	4 288	2 062	782	7 132	(1 068)	3 605
Trust Fund for the Global Environmental Facility (GEF)	2004-2005	113 331	409 219	3 334	9 054	421 607	328 038	32 343	6 448	367 829	2 164	169 273
	2002-2003	30 178	388 323	343	81	388 747	252 582	35 298	111	287 991	(17 603)	113 331
Multilateral Fund for the Implementation of the Montreal Protocol	2004-2005	79 121	85 104	3 775	7 231	96 110	56 903	6 607	1 961	65 471	(208)	109 552
	2002-2003	69 990	61 300	1 809	768	63 877	49 535	4 275	970	54 780	34	79 121
Capacity "21" Trust Fund	2004-2005	16 920	2	560	14	576	10 197	1 213	(1)	11 409	—	6 087
	2002-2003	30 612	63	1 082	(351)	794	13 649	1 289	(438)	14 500	14	16 920
UNDP Energy account	2004-2005	2 237	529	121	—	650	978	73	—	1 051	68	1 904
	2002-2003	3 221	611	144	—	755	1 321	285	—	1 606	(133)	2 237
Government of France Trust Fund for the UNDP/World Bank Energy Sector Management Assessment Programme	2004-2005	454	—	22	—	22	—	—	—	—	—	476
	2002-2003	627	—	19	—	19	(9)	(1)	—	(10)	(202)	454
UNDP Trust Fund for the Protection of the Ozone Layer	2004-2005	—	—	—	—	—	—	—	—	—	—	—
	2002-2003	53	—	—	—	—	—	—	—	—	(53)	—
World Maritime University Trust Fund	2004-2005	—	2	4	—	6	—	—	—	—	103	109
	2002-2003	102	—	—	—	—	—	—	—	—	(102)	—
Global Consultation on Water Supply and Sanitation for the 1990s	2004-2005	53	—	2	—	2	—	—	—	—	(53)	2
	2002-2003	51	—	2	—	2	—	—	—	—	—	53

			Income				Expenditure					
		Fund balances as at 1 January[a]	Trust Funds				Trust Funds				Refunds to donors and transfers to/from other funds — net	Fund balances as at 31 December[a]
Name of Trust Fund	Year		Contributions	Other	Sub-trust funds	Total	Project costs	Other	Sub-trust funds[b]	Total		
Government of Germany Trust Fund for the UNDP/World Bank Energy Sector Management Assistance Programme	2004-2005	318	—	15	—	15	23	—	—	23	—	310
	2002-2003	235	218	4	—	222	137	2	—	139	—	318
Trust Fund for UNDP History Project	2004-2005	—	—	—	—	—	—	—	—	—	—	—
	2002-2003	6	—	—	—	—	—	—	—	—	(6)	—
UNDP Trust Fund for Council on Health Research for Development (COHRED)	2004-2005	(141)	—	—	—	—	—	—	—	—	141	—
	2002-2003	(409)	206	—	—	206	47	—	—	47	109	(141)
UNDP Trust Fund in Support of the Activities of the World Commission on Forests and Sustainable Development	2004-2005	1	—	—	—	—	—	—	—	—	—	1
	2002-2003	1	—	—	—	—	—	—	—	—	—	1
UNDP Trust Fund for World Summit on Social Development	2004-2005	3 513	—	170	—	170	81	—	—	81	—	3 602
	2002-2003	4 511	(1 007)	110	—	(897)	100	1	—	101	—	3 513
UNDP Trust Fund for Public-Private Partnerships for the Urban Environment	2004-2005	877	2 060	39	684	2 783	118	—	936	1 054	—	2 606
	2002-2003	898	—	3	2 555	2 558	28	—	2 551	2 579	—	877
UNDP/Denmark Trust Fund for Local Initiative Facility for Urban Environment (LIFE) in the Low-Income Urban Areas in Thailand	2004-2005	—	—	—	—	—	—	—	—	—	119	119
	2002-2003	—	—	—	—	—	—	—	—	—	(8)	—
UNDP/Denmark Trust Fund for Global and Regional Support for the Aid Accountability Initiative	2004-2005	76	—	4	—	4	—	—	—	—	—	80
	2002-2003	489	—	11	—	11	(4)	19	—	15	(409)	76
Netherlands Trust Fund for Special Action Programme for Public Administration and Management (SAPAM)	2004-2005	1 918	—	91	—	91	60	2	—	62	—	1 947
	2002-2003	1 838	—	57	—	57	(23)	—	—	(23)	—	1 918
UNDP Development Study Programme	2004-2005	—	—	—	—	—	—	—	—	—	—	—
	2002-2003	66	—	—	—	—	—	—	—	—	(66)	—

			Income				Expenditure					
			Trust Funds				Trust Funds					
Name of Trust Fund	Year	Fund balances as at 1 January[a]	Contributions	Other	Sub-trust funds	Total	Project costs	Other	Sub-trust funds[b]	Total	Refunds to donors and transfers to/from other funds — net	Fund balances as at 31 December[a]
UNDP/EEC Trust Fund for Sustainable Energy as a Tool for Development for ACP Countries	2004-2005	6	—	—	—	—	—	—	—	—	(7)	(1)
	2002-2003	(63)	69	—	—	69	—	—	—	—	—	6
Trust Fund for the Follow-up Activities to the World Summit on Social Development (WSSD) — phase II	2004-2005	2 051	—	49	24	73	(5)	—	1 104	1 099	—	1 025
	2002-2003	1 859	1 114	28	(27)	1 115	896	27	—	923	—	2 051
UNDP Trust Fund to Support Micro-Finance and Enterprise Development	2004-2005	282	—	14	—	14	—	—	—	—	—	296
	2002-2003	588	(173)	11	—	(162)	144	—	—	144	—	282
UNDP/European Commission Ministerial on Poverty and Environment	2004-2005	1	—	—	—	—	—	—	—	—	(1)	—
	2002-2003	85	—	1	—	1	85	—	—	85	—	1
International Development Research Center Trust Fund for Information Management Training Series	2004-2005	—	—	—	—	—	—	—	—	—	—	—
	2002-2003	(3)	—	—	—	—	—	—	—	—	3	—
Support to Decentralized Government Programme	2004-2005	—	—	—	—	—	220	—	—	220	220	—
	2002-2003	—	—	—	—	—	—	—	—	—	—	—
EEC Trust Fund for Forest Management to Support Sustainable Livelihoods in Cameroon, Guyana and Malawi	2004-2005	140	—	7	—	7	(5)	—	—	(5)	—	152
	2002-3003	(187)	298	3	—	301	(26)	—	—	(26)	—	140
UNDP Trust Fund to Support the Organization of the Warsaw Conference	2004-2005	202	33	7	—	40	163	—	—	163	—	79
	2002-2003	172	80	4	—	84	45	8	—	54	—	202
UNDP/United States Environmental Trust Fund	2004-2005	2 036	—	82	—	82	712	—	—	712	—	1 406
	2002-2003	2 324	500	58	—	558	846	—	—	846	—	2 036
Germany Trust Fund for UNDP Programme for Accountability and Transparency (PACT)	2004-2005	286	610	19	—	629	541	—	—	541	—	374
	2002-2003	520	301	10	—	311	529	16	—	545	—	286

			Income				Expenditure					
			Trust Funds				Trust Funds					
Name of Trust Fund	Year	Fund balances as at 1 January[a]	Contributions	Other	Sub-trust funds	Total	Project costs	Other	Sub-trust funds[b]	Total	Refunds to donors and transfers to/from other funds — net	Fund balances as at 31 December[a]
UNDP Trust Fund for Support to the Government of Morocco for the Organization of the 7th Session of the Conference of the Parties (COP7) to United Nations Framework Convention on Climate Change (UNFCCC)	2004-2005	378	—	18	—	18	—	—	—	—	—	396
	2002-2003	408	246	12	—	258	277	11	—	288	—	378
Integrated Framework Trust Fund (IFTF) for Trade-related Technical Assistance to Least Developed Countries — Window I	2004-2005	5 086	5 629	306	23	5 958	3 089	83	—	3 172	681	8 553
	2002-2003	2 513	6 582	126	—	6 708	4 478	134	—	4 612	477	5 086
UNDP/Germany Trust Fund for Decentralization and Local Governance for Poverty Reduction	2004-2005	478	208	27	—	235	623	—	—	623	—	90
	2002-2003	663	180	8	—	188	355	18	—	373	—	478
UNDP Thematic Trust Funds on HIV/AIDS	2004-2005	3 156	1 146	156	34	1 336	—	1	2 200	2 201	—	2 291
	2002-2003	2 914	6 638	91	741	7 470	—	1	7 227	7 228	—	3 156
UNDP Thematic Trust Fund on Information and Communication Technology (ICT)	2004-2005	6 027	—	210	27	237	3	68	2 231	2 302	—	3 962
	2002-2003	5 242	2 042	170	142	2 354	—	—	1 570	1 570	1	6 027
UNDP Thematic Trust Fund for Democratic Governance	2004-2005	10 604	30 909	723	12 216	43 848	121	748	33 723	34 592	(413)	19 447
	2002-2003	9 318	27 668	193	4 446	32 307	—	(5)	31 026	31 021	—	10 604
UNDP Thematic Trust Fund on Energy for Sustainable Development	2004-2005	6 215	3 664	327	4 166	8 157	44	81	4 744	4 869	96	9 599
	2002-2003	2 275	5 738	104	2	5 844	—	—	1 905	1 905	1	6 215
UNDP Thematic Trust Fund on Poverty Reduction for Sustainable Development	2004-2005	6 862	3 676	220	1 944	5 840	—	145	6 451	6 596	55	6 161
	2002-2003	2 277	12 569	140	260	12 969	10	1	8 373	8 384	—	6 862
UNDP Thematic Trust Fund on Gender	2004-2005	—	5 556	171	4	5 731	—	—	3 214	3 214	—	2 517
	2002-2003	—	—	—	—	—	—	—	—	—	—	—

Name of Trust Fund	*Year*	*Fund balances as at 1 January*[a]	*Income*				*Expenditure*				*Refunds to donors and transfers to/from other funds — net*	*Fund balances as at 31 December*[a]
			Trust Funds				*Trust Funds*					
			Contributions	*Other*	*Sub-trust funds*	*Total*	*Project costs*	*Other*	*Sub-trust funds*[b]	*Total*		
UNDP Thematic Trust Fund on Environment	2004-2005	54	2 040	23	526	2 589	—	—	571	571	—	2 072
	2002-2003	—	—	1	—	1	—	—	—	—	53	54
EEC Trust Fund for Integrated Framework for Trade-related Technical Assistance to Least Development Countries	2004-2005	142	—	7	—	7	—	—	—	—	(142)	7
	2002-2003	—	138	4	—	142	—	—	—	—	—	142
EEC Trust Fund for Poverty and Environment Initiative — phase II	2004-2005	(2)	—	—	—	—	(7)	—	—	(7)	—	5
	2002-2003	—	199	4	—	203	205	—	—	205	—	(2)
Integrated Framework Trust Fund (IFTF) for Trade-related Technical Assistance to Least Developed Countries — Window II	2004-2005	1 022	—	50	13 192	13 242	—	—	2 511	2 511	2 375	14 128
	2002-2003	—	1 022	—	—	1 022	—	—	—	—	—	1 022
E-Parliament Initiative	2004-2005	—	190	—	—	190	163	15	—	178	—	12
	2002-2003	—	—	—	—	—	—	—	—	—	—	—
EEC — Improving market access for drylands commodities	2004-2005	—	436	—	—	436	241	17	—	258	—	178
	2002-2003	—	—	—	—	—	—	—	—	—	—	—
Total Fund Manager: BDP	**2004-2005**	**267 309**	**552 307**	**10 942**	**49 264**	**612 513**	**404 525**	**40 438**	**66 197**	**511 322**	**4 632**	**373 132**
	2002-2003	**182 149**	**517 660**	**4 563**	**8 909**	**531 132**	**329 496**	**43 441**	**54 077**	**427 014**	**(18 958)**	**267 309**
Fund Manager: UNDP Africa												
UNDP Trust Fund for Angola	2004-2005	3 509	—	24	123	147	—	—	—	—	(892)	2 764
	2002-2003	7 048	—	40	(62)	(22)	1 079	33	2 405	3 517	—	3 509
UNDP/Sweden Trust Fund on Support to a Financial Systems Development Project, Angola Phase II	2004-2005	—	—	—	—	—	—	—	—	—	—	—
	2002-2003	3	—	(3)	—	(3)	—	—	—	—	—	—
Trust Fund for the Norwegian Contribution to the Angolan Petroleum Training Centre in Sumbe	2004-2005	—	—	—	—	—	—	—	—	—	—	—
	2002-2003	817	—	—	—	—	—	—	—	—	(817)	—

Name of Trust Fund	Year	Fund balances as at 1 January^a	Income				Expenditure				Refunds to donors and transfers to/from other funds — net	Fund balances as at 31 December^a
			Trust Funds				Trust Funds					
			Contributions	Other	Sub-trust funds	Total	Project costs	Other	Sub-trust funds^b	Total		
UNDP/Denmark Trust Fund for Electoral Assistance Project in Burundi	2004-2005	77	—	4	—	4	—	—	—	—	—	81
	2002-2003	75	—	2	—	2	—	—	—	—	—	77
FEC Trust Fund for Disarmament Demobilization and Reintegration Action in the Pool Region Congo-Brazzaville	2004-2005	674	—	33	—	33	—	—	—	—	—	707
	2002-2003	—	674	—	—	674	—	—	—	—	—	674
Finland/UNDP Trust Fund for the Construction of an Agro-Veterinary School in Rushashi	2004-2005	—	—	—	—	—	—	—	—	—	—	—
	2002-2003	625	—	—	—	—	—	—	—	—	(625)	—
UNDP Trust Fund for Rwanda	2004-2005	969	371	(38)	38	371	651	22	(440)	233	245	1 352
	2002-2003	8 928	3 141	(100)	223	3 264	9 103	114	2 006	11 223	—	969
Trust Fund for Emergency Assistance to the People's Republic of Mozambique	2004-2005	(1)	—	—	—	—	—	—	—	—	1	—
	2002-2003	(58)	—	—	—	—	(57)	—	—	(57)	—	(1)
UNDP Trust Fund for the Mozambique Demobilization Programme	2004-2005	—	—	—	—	—	—	—	—	—	—	—
	2002-2003	219	—	4	—	4	—	—	—	—	(223)	—
UNDP Trust Fund for the Reintegration of Demobilized Military Personnel in Mozambique	2004-2005	—	—	—	—	—	—	—	—	—	—	—
	2002-2003	1 485	—	37	—	37	—	—	—	—	(1 522)	—
UNDP/Norway Trust Fund for Assistance to the Electoral Process in Mozambique	2004-2005	713	—	—	53	53	—	—	—	—	—	766
	2002-2003	124	—	—	10	10	—	—	—	—	579	713
UNDP/IDA Trust Fund for the National Environment Support Programme in Mozambique	2004-2005	84	—	3	—	3	—	—	—	—	(68)	19
	2002-2003	82	—	2	—	2	—	—	—	—	—	84
UNDP Trust Fund for the Mozambique Mine Clearance Programme	2004-2005	2 498	(59)	156	—	97	—	—	—	—	(14)	2 581
	2002-2003	1 403	133	115	—	248	(755)	(92)	—	(847)	—	2 498

			Income				Expenditure					
			Trust Funds				Trust Funds					
Name of Trust Fund	*Year*	*Fund balances as at 1 January*[a]	*Contributions*	*Other*	*Sub-trust funds*	*Total*	*Project costs*	*Other*	*Sub-trust funds*[b]	*Total*	*Refunds to donors and transfers to/from other funds — net*	*Fund balances as at 31 December*[a]
Sweden Trust Fund for Support to the Programme for Refugee Reintegration and Rehabilitation of Resettlement Areas in Eritrea	2004-2005	—	—	—	—	—	—	—	—	—	—	—
	2002-2003	(12)	—	—	—	—	—	—	—	—	12	—
Trust Fund for Democratization Support to Electoral Process in Guinea-Bissau	2004-2005	24	—	7	—	7	—	—	—	—	—	31
	2002-2003	24	—	—	—	—	—	—	—	—	—	24
UNDP Trust Fund for Demobilization, Reintegration, Rehabilitation and Recovery in Sierra Leone	2004-2005	215	—	10	—	10	—	—	—	—	—	225
	2002-2003	1 804	—	23	—	23	1 565	47	—	1 612	—	215
CIDA/UNDP Trust Fund to Support "Recensement general de la population et de l'habitat" in Senegal	2004-2005	650	—	32	—	32	—	—	—	—	—	682
	2002-2003	631	—	19	—	19	—	—	—	—	—	650
UNDP Trust Fund to Support the Peace Process in North Mali	2004-2005	(95)	1 164	3	11	1 178	856	46	—	902	—	181
	2002-2003	1 074	2 906	10	(6)	2 910	3 898	121	—	4 019	(60)	(95)
UNDP/Sweden Trust Fund for Support to the Electoral Process in Mali	2004-2005	—	—	—	—	—	—	—	—	—	—	—
	2002-2003	1	—	—	—	—	—	1	—	1	—	—
UNDP Trust Fund for Namibia	2004-2005	208	—	8	—	8	—	—	—	—	—	216
	2002-2003	200	—	6	—	6	(2)	—	—	(2)	—	208
UNDP Trust Fund for the Educational and Training Programme for Southern Africa (UNETPSA)	2004-2005	5 195	—	199	55	254	—	—	—	—	—	5 449
	2002-2003	4 792	15	115	32	162	(239)	(2)	—	(241)	—	5 195
UNDP Trust Fund in Support of the Steering Committee and Secretariat for the United Nations Programme of Action for African Economic Recovery and Development	2004-2005	—	—	—	—	—	—	—	—	—	—	—
	2002-2003	21	—	—	—	—	—	—	—	—	(21)	—

Name of Trust Fund	Year	Fund balances as at 1 January[a]	Income				Expenditure				Refunds to donors and transfers to/from other funds — net	Fund balances as at 31 December[a]
			Trust Funds				Trust Funds					
			Contributions	Other	Sub-trust funds	Total	Project costs	Other	Sub-trust funds[b]	Total		
Trust Fund with Norway for Support for Governance in Africa	2004-2005	4 070	—	185	—	185	524	2	—	526	—	3 729
	2002-2003	5 468	—	138	—	138	1 521	15	—	1 536	—	4 070
African Training and Management Services (ATMS) Project	2004-2005	184	—	9	—	9	—	—	—	—	—	193
	2002-2003	179	—	5	—	5	—	—	—	—	—	184
UNDP/United Support of Artists for Africa Trust Fund	2004-2005	93	—	5	—	5	—	—	—	—	—	98
	2002-2003	66	—	1	—	1	(26)	—	—	(26)	—	93
UNDP Trust Fund for Assistance to Refugee-Related Development Projects in Africa	2004-2005	669	—	33	—	33	—	—	—	—	—	702
	2002-2003	650	—	19	—	19	—	—	—	—	—	669
UNDP Trust Fund to Combat Poverty and Hunger in Africa	2004-2005	1 344	—	—	65	65	—	—	—	—	—	1 409
	2002-2003	1 321	—	—	23	23	—	—	—	—	—	1 344
Finland Trust Fund for National Technical Co-operation Assessment and Programme Activities (NATCAP)	2004-2005	710	—	35	—	35	—	—	—	—	—	745
	2002-2003	736	—	21	—	21	42	5	—	47	—	710
CIDA/UNDP Trust Fund for the African Project Development Facility	2004-2005	(2)	—	—	—	—	—	—	—	—	2	—
	2002-2003	3	—	(3)	—	(3)	—	—	—	—	(2)	(2)
UNDP Trust Fund for Receipt of Payments by Users of the African Project Development Facility	2004-2005	42	—	2	—	2	—	—	—	—	—	44
	2002-2003	41	—	1	—	1	—	—	—	—	—	42
Trust Fund for Special Netherlands Contribution for the Least Developed Countries	2004-2005	721	—	35	—	35	—	—	—	—	—	756
	2002-2003	699	—	20	—	20	(2)	—	—	(2)	—	721
UNDP Trust Fund for Pooling Agreement for Technical Assistance to the Health Sector	2004-2005	—	—	—	—	—	—	—	—	—	—	—
	2002-2003	1 139	—	17	—	17	335	16	—	351	(805)	—

			Income				Expenditure					
		Fund balances as at 1 January[a]	Trust Funds				Trust Funds				Refunds to donors and transfers to/from other funds — net	Fund balances as at 31 December[a]
Name of Trust Fund	Year		Contributions	Other	Sub-trust funds	Total	Project costs	Other	Sub-trust funds[b]	Total		
UNDP Trust Fund for "Give a Dam" Campaign	2004-2005	(11)	—	—	—	—	—	—	—	—	—	(11)
	2002-2003	(11)	—	—	—	—	—	—	—	—	—	(11)
OHADA Trust Fund	2004-2005	4 126	514	1 121	—	1 635	3 498	44	—	3 542	—	2 219
	2002-2003	5 030	751	2 499	—	3 250	4 096	58	—	4 154	—	4 126
UNDP Trust Fund to Support Governance in Africa	2004-2005	253	—	10	—	10	66	1	—	67	—	196
	2002-2003	(635)	1 155	26	—	1 181	1 926	25	(658)	1 293	1 000	253
UNDP/EEC Trust Fund Agreement for the Africa 2000 Network Programme Grants in Burkina Faso, Cameroon and Uganda	2004-2005	(14)	15	—	—	15	—	—	—	—	—	1
	2002-2003	(14)	—	—	—	—	—	—	—	—	—	(14)
UNDP Trust Fund for Empretec Zimbabwe Endowment Fund	2004-2005	(1)	—	—	—	—	—	—	—	—	—	(1)
	2002-2003	(1)	—	—	—	—	—	—	—	—	—	(1)
UNDP Trust Fund for the African 2000 Network	2004-2005	720	—	35	—	35	—	—	—	—	—	755
	2002-2003	1 057	—	23	—	23	—	—	—	—	(360)	720
UNDP/Sweden Trust Fund on Support of HIV/AIDS Programme in Botswana	2004-2005	—	—	—	—	—	—	—	—	—	—	—
	2002-2003	—	—	7	—	7	—	7	—	7	—	—
Belgium Trust Fund for Programme for Coordination and Assistance on Security and Development (PCASED)	2004-2005	59	—	1	—	1	51	2	—	53	—	7
	2002-2003	233	—	4	—	4	172	2	—	174	(4)	59
UNDP Trust Fund for Guinea-Bissau	2004-2005	(1 488)	—	15	—	15	—	—	—	—	—	(1 473)
	2002-2003	1 055	—	8	—	8	—	—	2 551	2 551	—	(1 488)
UNDP/Belgium Trust Fund for Support to the Electoral Process in South Africa	2004-2005	200	—	10	—	10	—	—	—	—	—	210
	2002-2003	200	—	4	—	4	—	—	—	—	(4)	200
EEC Trust Fund for Development de l'Information Miniere de Base	2004-2005	(5)	—	—	—	—	(8)	—	—	(8)	—	3
	2002-2003	63	234	1	—	235	294	9	—	303	—	(5)
EEC Trust Fund for Support to Africa Governance Forum II	2004-2005	(200)	—	—	—	—	—	—	—	—	—	(200)
	2002-2003	(200)	—	—	—	—	—	—	—	—	—	(200)

Name of Trust Fund	Year	Fund balances as at 1 January[a]	Income				Expenditure				Refunds to donors and transfers to/from other funds — net	Fund balances as at 31 December[a]
			Trust Funds				Trust Funds					
			Contributions	Other	Sub-trust funds	Total	Project costs	Other	Sub-trust funds[b]	Total		
EEC Trust Fund to Support the Electoral Process in Côte d'Ivoire	2004-2005	(1 094)	—	(90)	—	(90)	(1 148)	—	—	(1 148)	—	(36)
	2002-2003	(967)	—	—	—	—	127	—	—	127	—	(1 094)
UNDP Trust Fund for Support to the Electoral Process in Ghana	2004-2005	440	—	22	—	22	—	—	—	—	—	462
	2002-2003	416	—	12	—	12	(12)	—	—	(12)	—	440
EEC Trust Fund for Support to Election Observation in Tanzania	2004-2005	(17)	—	—	—	—	—	—	—	—	—	(17)
	2002-2003	(54)	37	—	—	37	—	—	—	—	—	(17)
UNDP Trust Fund for Specific Projects and Programmes for OHADA	2004-2005	267	—	—	9	9	—	—	(3)	(3)	—	279
	2002-2003	333	—	—	124	124	—	—	190	190	—	267
EEC Trust Fund for Support to the Observation of the Election Process in Côte d'Ivoire	2004-2005	1 443	—	159	—	159	1 148	57	—	1 205	—	397
	2002-2003	1 401	—	42	—	42	—	—	—	—	—	1 443
UNDP Trust Fund for Sierra Leone	2004-2005	62	—	3	—	3	—	—	—	—	—	65
	2002-2003	—	60	2	—	62	—	—	—	—	—	62
EEC Trust Fund for Support to Electoral Process in Chad	2004-2005	1 556	—	74	—	74	609	30	—	639	(605)	386
	2002-2003	1 511	—	45	—	45	—	—	—	—	—	1 556
EEC Trust Fund for Emergency Mine Action in Mozambique	2004-2005	1 631	—	80	—	80	—	—	—	—	—	1 711
	2002-2003	918	671	42	—	713	—	—	—	—	—	1 631
EEC Trust Fund for "Millenaire pout l'Afrique"	2004-2005	—	—	—	—	—	—	—	—	—	—	—
	2002-2003	139	—	1	—	1	107	—	—	107	(33)	—
EEC Trust Fund for Support to the Electoral Process in Comoros	2004-2005	(466)	254	—	—	254	—	—	—	—	—	(212)
	2002-2003	569	—	1	—	1	1 036	—	—	1 036	—	(466)
UNDP Trust Fund for Support to UN Country Team's Humanitarian Assistance and Recovery Programme (HARP) in Zimbabwe	2004-2005	5 208	—	73	182	255	—	—	—	—	—	5 463
	2002-2003	—	1 471	32	7 288	8 791	—	1	3 582	3 583	—	5 208

			Income				Expenditure					
			Trust Funds				Trust Funds					
Name of Trust Fund	Year	Fund balances as at 1 January[a]	Contributions	Other	Sub-trust funds	Total	Project costs	Other	Sub-trust funds[b]	Total	Refunds to donors and transfers to/from other funds — net	Fund balances as at 31 December[a]
EEC Trust Fund — Appui a la Rehabilitation de l'Institution des Bashingantahe Pour la Reconciliation a Burundi	2004-2005	(285)	285	—	—	285	—	—	—	—	—	—
	2002-2003	—	—	—	—	—	285	—	—	285	—	(285)
EEC Trust Fund for Eritrea Landmine Impact Survey	2004-2005	314	—	12	—	12	88	6	—	94	—	232
	2002-2003	—	1 052	11	—	1 063	749	—	—	749	—	314
EEC Trust Fund Reinsertion des jeunes deplaces et ex-Combattants et Remassage des Armes Legeres	2004-2005	(52)	—	—	—	—	—	—	—	—	—	(52)
	2002-2003	—	739	2	—	741	793	—	—	793	—	(52)
EEC Trust Fund for Nigeria Election 2003 Support Project	2004-2005	763	—	28	—	28	57	—	—	57	—	734
	2002-2003	—	5 094	67	—	5 161	4 398	—	—	4 398	—	763
EEC Trust Fund for "Rehabilitation des pistes rurales suivant la methode haute intensité de main d' oeuvre en Republique du Congo"	2004-2005	157	—	—	—	—	892	—	—	892	—	(735)
	2002-2003	—	1 334	11	—	1 345	1 188	—	—	1 188	—	157
EEC Trust Fund for Mozambique Landmine Technical Survey: Inhambane and Maputo Provinces	2004-2005	895	—	42	—	42	—	—	—	—	(993)	(56)
	2002-2003	—	895	—	—	895	—	—	—	—	—	895
EEC Trust Fund for Sustained Good Governance in Ethiopia through Capacity Building of National Parliament	2004-2005	309	—	15	—	15	60	2	—	62	—	262
	2002-2003	—	309	—	—	309	—	—	—	—	—	309
EEC Trust Fund for Support to an Expended National Mine Action Coordination Capacity in Angola	2004-2005	250	299	10	—	309	513	16	—	529	—	30
	2002-2003	—	710	—	—	710	460	—	—	460	—	250
EEC Trust Fund for Ethiopia Landmine Impact Survey	2004-2005	(16)	—	—	—	—	151	—	—	151	—	(167)
	2002-2003	—	942	—	—	942	958	—	—	958	—	(16)

			Income				Expenditure					
		Fund balances as at 1 January[a]	Trust Funds				Trust Funds				Refunds to donors and transfers to/from other funds — net	Fund balances as at 31 December[a]
Name of Trust Fund	*Year*		*Contributions*	*Other*	*Sub-trust funds*	*Total*	*Project costs*	*Other*	*Sub-trust funds*[b]	*Total*		
EEC Trust Fund for Election Observation Mission to Nigeria	2004-2005	(402)	610	—	—	610	13	—	—	13	—	195
	2002-2003	—	2 559	—	—	2 559	2 961	—	—	2 961	—	(402)
EEC Trust Fund for the Legal Advisory Unit in the Office of the UN Resident Coordinator in Zimbabwe	2004-2005	(212)	73	2	—	75	214	—	—	214	—	73
	2002-2003	—	212	—	—	212	—	—	—	—	—	212
UNDP Trust Fund for Support to the Reform Agenda in Nigeria	2004-2005	189	3 190	76	—	3 266	2 032	59	—	2 091	—	1 364
	2002-2003	—	370	—	—	370	172	9	—	181	—	189
EEC (ECHO) Trust Fund for Support to RRU Relief Information and Verification Activities in Zimbabwe	2004-2005	454	—	9	—	9	499	13	—	512	—	(49)
	2002-2003	—	1 093	—	—	1 093	639	—	—	639	—	454
EEC Trust Fund for 2003 Electoral Assistance Programme in Rwanda	2004-2005	—	—	—	—	—	—	—	—	—	—	—
	2002-2003	—	1 654	—	—	1 654	1 654	—	—	1 654	—	—
UNDP Trust Fund for Community Assistance and Sustainable Reinstallation in Burundi	2004-2005	3 039	2 441	120	20	2 581	2 675	117	499	3 291	700	3 029
	2002-2003	614	2 614	1	670	3 285	821	39	—	860	—	3 039
Support to Burundi elections process	2004-2005	—	9 693	133	2 676	12 502	8 355	417	2 642	11 414	—	1 088
	2002-2003	—	—	—	—	—	—	—	—	—	—	—
Comoros transitional arrangement	2004-2005	—	1 898	23	—	1 921	1 733	96	—	1 829	—	92
	2002-2003	—	—	—	—	—	—	—	—	—	—	—
Appui au processus DDR en Côte d'Ivoire — equipement et fonctionnement des sites et appui à la communication — DDR	2004-2005	—	2 601	3	—	2 604	1 040	52	—	1 092	—	1 512
	2002-2003	—	—	—	—	—	—	—	—	—	—	—
Extension of the Eritrean Landmine Impact Survey	2004-2005	—	354	1	—	355	—	—	—	—	—	355
	2002-2003	—	—	—	—	—	—	—	—	—	—	—
IV Summit of ACP Heads of State and Government — Mozambique	2004-2005	—	2 131	1	—	2 132	1 662	83	—	1 745	—	387
	2002-2003	—	—	—	—	—	—	—	—	—	—	—

Name of Trust Fund	Year	Fund balances as at 1 January[a]	Income				Expenditure				Refunds to donors and transfers to/from other funds — net	Fund balances as at 31 December[a]
			Trust Funds				Trust Funds					
			Contributions	Other	Sub-trust funds	Total	Project costs	Other	Sub-trust funds[b]	Total		
Support for capacity-building to the National Demining Institute in Mozambique	2004-2005	—	499	—	—	499	234	12	—	246	—	253
	2002-2003	—	—	—	—	—	—	—	—	—	—	—
Support to the organization of municipal elections in the Niger	2004-2005	—	1 328	—	—	1 328	1 043	43	—	1 086	—	242
	2002-2003	—	—	—	—	—	—	—	—	—	—	—
Humanitarian Information Coordination — Zimbabwe	2004-2005	—	890	—	—	890	472	38	—	510	(96)	284
	2002-2003	—	—	—	—	—	—	—	—	—	—	—
Support to the Office of the Humanitarian Coordinator's Humanitarian Support Team — Zimbabwe	2004-2005	—	266	—	—	266	253	9	—	262	—	4
	2002-2003	—	—	—	—	—	—	—	—	—	—	—
Support to the Malawi tripartite elections — 2004	2004-2005	—	2 351	—	—	2 351	2 211	111	—	2 322	—	29
	2002-2003	—	—	—	—	—	—	—	—	—	—	—
African Peer Review Mechanism of the New Partnership for Africa's Development (NEPAD)	2004-2005	—	1 776	45	858	2 679	—	—	858	858	—	1 821
	2002-2003	—	—	—	—	—	—	—	—	—	—	—
EEC — Republic of Congo for the project "Collecte et destruction Des armes pour le développement"	2004-2005	—	1 537	2	—	1 539	521	25	—	546	—	993
	2002-2003	—	—	—	—	—	—	—	—	—	—	—
Belgium TF for Support to the Elections Project in the Democratic Republic of the Congo	2004-2005	—	13 755	11	—	13 766	6 339	276	—	6 615	—	7 151
	2002-2003	—	—	—	—	—	—	—	—	—	—	—
EEC — Eritrea Trust Fund for Support to the Mine Action Capacity Building Programme	2004-2005	—	796	1	—	797	1	—	—	1	—	796
	2002-2003	—	—	—	—	—	—	—	—	—	—	—
EEC Trust Fund for Support to the 2004 Elections in Ghana	2004-2005	—	1 921	—	—	1 921	1 601	112	—	1 713	—	208
	2002-2003	—	—	—	—	—	—	—	—	—	—	—
EEC Trust Fund for the Financing of the Great Lakes Process	2004-2005	—	1 209	2	—	1 211	—	—	—	—	—	1 211
	2002-2003	—	—	—	—	—	—	—	—	—	—	—

Name of Trust Fund	Year	Fund balances as at 1 January[a]	Income				Expenditure				Refunds to donors and transfers to/from other funds — net	Fund balances as at 31 December[a]
			Trust Funds				Trust Funds					
			Contributions	Other	Sub-trust funds	Total	Project costs	Other	Sub-trust funds[c]	Total		
EEC Trust Fund for Support to Legislative and Presidential Elections in the Niger	2004-2005	—	943	—	—	943	646	45	—	691	—	252
	2002-2003	—	—	—	—	—	—	—	—	—	—	—
EEC — Comoros Trust Fund — Appui à la mise en oeuvre de l'accord sur les dispositions transitoires	2004-2005	—	1 715	(15)	—	1 700	1 796	90	—	1 886	—	(186)
	2002-2003	—	—	—	—	—	—	—	—	—	—	—
EEC Trust Fund in Support of the Democratic Elections 2004/2005 in Central African Republic	2004-2005	—	3 497	—	—	3 497	3 100	155	—	3 255	—	242
	2002-2003	—	—	—	—	—	—	—	—	—	—	—
Belgium Trust Fund for Trade Capacity Development for Poverty Reduction and Human Development for Sub-Saharan Africa	2004-2005	—	933	2	—	935	595	30	—	625	—	310
	2002-2003	—	—	—	—	—	—	—	—	—	—	—
EEC Trust Fund — Appui a l'organisation des elections Presidentielles En Guinee-Bissau	2004-2005	—	1 490	1	—	1 491	1 013	71	—	1 084	—	407
	2002-2003	—	—	—	—	—	—	—	—	—	—	—
European Union Election Observation Mission to Liberia	2004-2005	—	1 984	—	—	1 984	1 791	130	—	1 921	—	63
	2002-2003	—	—	—	—	—	—	—	—	—	—	—
EEC/Seychelles Trust Fund for Post Tsunami Rehabilitation Efforts	2004-2005	—	494	1	—	495	—	—	—	—	—	495
	2002-2003	—	—	—	—	—	—	—	—	—	—	—
EEC Trust Fund for Appui Institutionnel au CNDAH, au Niveau National et Provincial	2004-2005	—	1 188	2	—	1 190	—	—	—	—	—	1 190
	2002-2003	—	—	—	—	—	—	—	—	—	—	—
EEC Trust Fund for Rapid Response to counter mine actions in Angola	2004-2005	—	1 196	2	—	1 198	—	—	—	—	—	1 198
	2002-2003	—	—	—	—	—	—	—	—	—	—	—

			Income				Expenditure					
		Fund balances as at 1 January[a]	Trust Funds		Sub-trust funds	Total	Trust Funds		Sub-trust funds[b]	Total	Refunds to donors and transfers to/from other funds — net	Fund balances as at 31 December[a]
Name of Trust Fund	Year		Contributions	Other			Project costs	Other				
EEC — Angola Trust Fund for Implementation of the Ottawa Convention through the disposal of stockpiled anti-personnel landmines	2004-2005	—	1 255	1	—	1 256	592	34	—	626	—	630
	2002-2003	—	—	—	—	—	—	—	—	—	—	—
EEC Trust Fund for Support to Electoral Process in Burundi	2004-2005	—	5 280	7	—	5 287	5 121	256	—	5 377	—	(90)
	2002-2003	—	—	—	—	—	—	—	—	—	—	—
European Union Trust Fund for Election Observation Mission to Burundi	2004-2005	—	1 189	—	—	1 189	1 267	89	—	1 356	—	(167)
	2002-2003	—	—	—	—	—	—	—	—	—	—	—
EEC Trust Fund for Assistance to Electoral Process in the Democratic Republic of the Congo	2004-2005	—	112 815	45	—	112 860	98 495	3 542	—	102 037	—	10 823
	2002-2003	—	—	—	—	—	—	—	—	—	—	—
EEC Trust Fund for Supporting Citizen Access to Justice in Mozambique	2004-2005	—	2 440	7	—	2 447	38	2	—	40	—	2 407
	2002-2003	—	—	—	—	—	—	—	—	—	—	—
EEC/Mozambique Trust Fund — Apoya do Sector Privado, Financiamento De Apoio as Pequenas e Medias Empresas	2004-2005	—	263	—	—	263	176	11	—	187	—	76
	2002-2003	—	—	—	—	—	—	—	—	—	—	—
UNDP Trust Fund "Appui au processus electoral en Guinee"	2004-2005	—	2 118	—	—	2 118	1 149	57	—	1 206	—	912
	2002-2003	—	—	—	—	—	—	—	—	—	—	—
EC Trust fund for Supporting the participation of ACP — SIDA at the Barbados+10 UN International Meeting in Mauritius for the Sustainable Development of SIDA	2004-2005	—	516	1	—	517	212	15	—	227	—	290
	2002-2003	—	—	—	—	—	—	—	—	—	—	—
EEC Trust fund — Appui a la mise en place des centres de brassage dans le Cadre de la Reforme du Secteur Securitaire en RDC	2004-2005	—	1 723	1	—	1 724	1 586	55	—	1 641	—	83
	2002-2003	—	—	—	—	—	—	—	—	—	—	—

			Income				Expenditure					
		Fund balances as at 1 January[a]	Trust Funds				Trust Funds				Refunds to donors and transfers to/from other funds — net	Fund balances as at 31 December[a]
Name of Trust Fund	Year		Contributions	Other	Sub-trust funds	Total	Project costs	Other	Sub-trust funds[b]	Total		
EEC Trust fund for Kenya Integrated Household Budget Survey	2004-2005	—	1 192	—	—	1 192	1 093	55	—	1 148	—	44
	2002-2003	—	—	—	—	—	—	—	—	—	—	—
EEC Trust fund — Appui aux elections Presidentielles 2005 au Togo	2004-2005	—	139	—	—	139	39	3	—	42	—	97
	2002-2003	—	—	—	—	—	—	—	—	—	—	—
EEC Trust Fund for 2005 Census Support Initiatives in Nigeria	2004-2005	—	108 801	164	—	108 965	14 501	565	—	15 066	—	93 899
	2002-2003	—	—	—	—	—	—	—	—	—	—	—
EEC Trust fund for Support to the Sustainable Development Poverty Reduction Programme in Ethiopia	2004-2005	—	967	2	—	969	10	1	—	11	—	958
	2002-2003	—	—	—	—	—	—	—	—	—	—	—
EEC Trust Fund for Support to the Organization of the October 2005 National Elections in Liberia	2004-2005	—	3 256	1	—	3 257	2 398	216	—	2 614	—	643
	2002-2003	—	—	—	—	—	—	—	—	—	—	—
EEC Trust Fund for Support to the National Civic Education Programme, Phase II	2004-2005	—	129	—	—	129	122	6	—	128	—	1
	2002-2003	—	—	—	—	—	—	—	—	—	—	—
Total Fund Manager: UNDP Africa	**2004-2005**	**41 047**	**307 685**	**3 016**	**4 090**	**314 791**	**174 646**	**7 119**	**3 556**	**185 321**	**(1 720)**	**168 797**
	2002-2003	**51 245**	**30 825**	**3 330**	**8 302**	**42 457**	**39 286**	**408**	**10 076**	**49 770**	**(2 885)**	**41 047**
Fund Manager: UNDP Asia/Pacific												
UNDP Trust Fund for Humanitarian and Rehabilitation Assistance for Cambodia	2004-2005	2	—	—	—	—	—	—	—	—	—	2
	2002-2003	153	—	—	1	1	—	—	(2)	(2)	(154)	2
UNDP Trust Fund for Capacity Building in Demining Operations for Cambodia	2004-2005	919	3 536	—	1 286	4 822	(1 106)	174	6 286	5 354	—	387
	2002-2003	1 803	7 093	5	38	7 136	7 779	233	—	8 012	(8)	919

			Income				Expenditure					
			Trust Funds				Trust Funds					
Name of Trust Fund	*Year*	*Fund balances as at 1 January*[a]	*Contributions*	*Other*	*Sub-trust funds*	*Total*	*Project costs*	*Other*	*Sub-trust funds*[b]	*Total*	*Refunds to donors and transfers to/from other funds — net*	*Fund balances as at 31 December*[a]
UNDP Trust Fund in Support of the Cambodia Area Rehabilitation and Reintegration	2004-2005	225	—	11	—	11	—	—	—	—	—	236
	2002-2003	206	—	7	—	7	(12)	—	—	(12)	—	225
UNDP Trust Fund for Support to Local and National Elections in Cambodia	2004-2005	15	—	1	—	1	—	—	—	—	—	16
	2002-2003	(451)	—	—	—	—	12	—	—	12	478	15
UNDP Fund for Emergency Assistance to the People's Republic of Bangladesh	2004-2005	316	—	15	—	15	—	—	—	—	—	331
	2002-2003	307	—	9	—	9	—	—	—	—	—	316
UNDP Fund for the Utilization of the Residual Funds of the United Nations Special Relief Office in Bangladesh (UNROB)	2004-2005	913	—	45	—	45	—	—	—	—	—	958
	2002-2003	879	—	26	—	26	(8)	—	—	(8)	—	913
UNDP/Denmark Trust Fund for the International Training Network Centre for Water Supply and Waste Management in Bangladesh	2004-2005	(10)	—	—	—	—	—	—	—	—	—	(10)
	2002-2003	141	—	1	—	1	22	—	—	22	(130)	(10)
UNDP/Lao PDR Trust Fund for Clearance of Unexploded Ordnance (UXO)	2004-2005	3 035	1 599	—	127	1 726	2 067	61	1 289	3 417	(7)	1 337
	2002-2003	1 800	3 312	18	3 386	6 716	4 349	178	821	5 348	(133)	3 035
UNDP Afghanistan Emergency Trust Fund	2004-2005	(45)	—	1	—	1	(61)	—	—	(61)	(58)	(41)
	2002-2003	(468)	—	—	—	—	(435)	12	—	(423)	—	(45)
UNDP Trust Fund for the Republic of Maldives	2004-2005	3	—	—	—	—	—	—	—	—	—	3
	2002-2003	4	—	(1)	—	(1)	—	—	—	—	—	3
UNDP/NOVIB/Group of Resource Persons for Awareness Creation for Environment and Sustainable Development in Asia	2004-2005	(8)	—	—	—	—	—	—	—	—	8	—
	2002-2003	(8)	—	—	—	—	—	—	—	—	—	(8)

Name of Trust Fund	Year	Fund balances as at 1 January[a]	Income: Trust Funds: Contributions	Income: Trust Funds: Other	Income: Sub-trust funds	Income: Total	Expenditure: Trust Funds: Project costs	Expenditure: Trust Funds: Other	Expenditure: Sub-trust funds[b]	Expenditure: Total	Refunds to donors and transfers to/from other funds — net	Fund balances as at 31 December[a]
UNDP/Australia Trust Fund for Fiscal and Monetary Management Reform and Statistical Improvement Phase II	2004-2005	36	—	2	—	2	—	—	—	—	—	38
	2002-2003	35	—	1	—	1	—	—	—	—	—	36
UNDP/Republic of Korea Trust Fund in Support of the Tumen River Area Development Programme	2004-2005	1 632	200	79	—	279	276	—	—	276	—	1 635
	2002-2003	1 029	—	32	—	32	182	2	—	184	755	1 632
UNDP/Democratic People's Republic of Korea Trust Fund for Agricultural Relief and Rehabilitation Programme	2004-2005	401	—	16	—	16	250	7	—	257	—	160
	2002-2003	423	877	13	—	890	885	27	—	912	—	401
UNDP Trust Fund Agreement for Multi-Donor Partner Support to the Mekong River Commission for Key Officers Posts and Capacity Building	2004-2005	74	—	1	—	1	—	—	—	—	(75)	—
	2002-2003	172	—	3	—	3	98	3	—	101	—	74
UNDP/Republic of Korea Trust Fund	2004-2005	659	271	27	—	298	—	—	—	—	(350)	607
	2002-2003	640	—	19	—	19	—	—	—	—	—	659
Belgium/Philippines Trust Fund for the Human Resource Development for Governance and Livelihood for the Southern Philippines Council for Peace and Development (SPCD)	2004-2005	(4)	—	—	—	—	—	—	—	—	—	(4)
	2002-2003	(38)	—	—	—	—	(40)	6	—	(34)	—	(4)
Belgium/Philippines Trust Fund for Vocational Skills Training and Enterprise Development for MNLF Soldiers, their Families and Communities	2004-2005	73	—	4	—	4	—	—	—	—	—	77
	2002-2003	238	—	4	—	4	160	5	—	165	(4)	73

Name of Trust Fund	*Year*	*Fund balances as at 1 January*[a]	*Income*				*Expenditure*				*Refunds to donors and transfers to/from other funds — net*	*Fund balances as at 31 December*[a]
			Trust Funds				*Trust Funds*					
			Contributions	*Other*	*Sub-trust funds*	*Total*	*Project costs*	*Other*	*Sub-trust funds*[b]	*Total*		
UNDP Trust Fund for the Indonesian Community Recovery Programme	2004-2005	2 290	—	24	—	24	2 211	66	—	2 277	—	37
	2002-2003	5 277	4 852	247	—	5 099	7 775	311	—	8 086	—	2 290
Australian Development Assistance Bureau (ADAB)/UNDP Programme Trust Fund	2004-2005	949	—	46	—	46	—	—	—	—	—	995
	2002-2003	922	—	27	—	27	—	—	—	—	—	949
UNDP Trust Fund for Support to Forest Crime Monitoring and Reporting in Cambodia	2004-2005	(6)	—	—	—	—	—	—	—	—	1	(5)
	2002-2003	312	53	2	—	55	368	10	—	378	5	(6)
UNDP Trust Fund to Support Capacity Building for Governance Reform in Indonesia	2004-2005	8 107	2 282	193	—	2 475	6 574	189	—	6 763	—	3 819
	2002-2003	13 543	3 814	349	—	4 163	9 320	279	—	9 599	—	8 107
United Nations Inter-agency Appeal for Mongolia — Dzud 2000, An Evolving Disaster	2004-2005	3	—	—	—	—	—	—	—	—	—	3
	2002-2003	17	—	—	—	—	—	—	—	—	(14)	3
UNDP Trust Fund for Support to the Humanitarian Pause in Aceh	2004-2005	38	—	2	—	2	—	—	—	—	—	40
	2002-2003	116	—	3	—	3	9	—	—	9	(72)	38
Trust Fund for Support to the Project on Regional Network on Pesticides for Asia and the Pacific: Cleaner Production and Environmentally Sound Management of Pesticides, Promotion of Safety, Health and Environmental Protection for Risk Reduction (RENPAP)	2004-2005	(19)	—	—	—	—	—	—	—	—	19	—
	2002-2003	17	40	1	—	41	75	2	—	77	—	(19)
Japan Trust Fund for Scholarships to East Timorese Students in East Timor	2004-2005	390	—	9	—	9	286	9	—	295	—	104
	2002-2003	350	707	23	—	730	690	—	—	690	—	390

Name of Trust Fund	Year	Fund balances as at 1 January[a]	Income				Expenditure				Refunds to donors and transfers to/from other funds — net	Fund balances as at 31 December[a]
			Trust Funds				Trust Funds					
			Contributions	Other	Sub-trust funds	Total	Project costs	Other	Sub-trust funds[b]	Total		
UNDP Trust Fund for Support to North Maluku and Maluku Recovery Programme	2004-2005	3 144	5 090	33	—	5 123	7 566	230	—	7 796	195	666
	2002-2003	2 861	6 191	89	—	6 280	6 138	184	—	6 322	325	3 144
EEC Trust Fund for China Training Programme on Village Governance	2004-2005	85	308	4	—	312	236	—	—	236	—	161
	2002-2003	128	303	1	—	304	347	—	—	347	—	85
EEC (ECHO) Trust Fund for Temporary Shelter for the Poor and Vulnerable Groups in Bhuj City of Kutch District in Gujarat	2004-2005	657	—	32	—	32	—	—	—	—	—	689
	2002-2003	491	150	16	—	166	—	—	—	—	—	657
UNDP Trust Fund for Peace and Development Initiative in Nepal	2004-2005	800	718	24	—	742	1 256	16	—	1 272	—	270
	2002-2003	498	1 595	27	—	1 622	1 281	39	—	1 320	—	800
Belgium Trust Fund for Support of the Judicial Capacity for East Timor	2004-2005	141	—	3	—	3	84	4	—	88	—	56
	2002-2003	482	—	(8)	—	(8)	300	26	—	326	(7)	141
EEC Trust Fund for Support to Election Observation Mission to Bangladesh on Parliamentary Elections	2004-2005	119	—	6	—	6	—	—	—	—	(113)	12
	2002-2003	637	—	9	—	9	527	—	—	527	—	119
EEC Trust Fund for Support to the Constituent Elections in East Timor	2004-2005	(199)	—	—	—	—	(199)	—	—	(199)	—	—
	2002-2003	484	—	6	—	6	689	—	—	689	—	(199)
UNDP Trust Fund for World Summit on Sustainable Development (WSSD) Preparations and Follow-up in Indonesia	2004-2005	(11)	—	—	—	—	4	—	—	4	—	(15)
	2002-2003	104	2 713	9	—	2 722	2 754	83	—	2 837	—	(11)
UNDP/EEC Trust Fund for Support to the Communal Elections in Cambodia	2004-2005	155	97	6	—	103	92	5	—	97	—	161
	2002-2003	—	2 825	12	—	2 837	2 682	—	—	2 682	—	155

Name of Trust Fund	Year	Fund balances as at 1 January[a]	Income				Expenditure				Refunds to donors and transfers to/from other funds — net	Fund balances as at 31 December[a]
			Trust Funds				Trust Funds					
			Contributions	Other	Sub-trust funds	Total	Project costs	Other	Sub-trust funds[b]	Total		
EEC Trust Fund for Capacity Development for Municipal Solid Waste Management Reform in China	2004-2005	35	—	—	—	—	33	2	—	35	—	—
	2002-2003	—	475	1	—	476	441	—	—	441	—	35
Law and Order Trust Fund for Afghanistan	2004-2005	4 557	27 698	55	713	28 466	31 441	943	712	33 096	—	(73)
	2002-2003	—	31 274	25	—	31 299	25 245	1 497	—	26 742	—	4 557
EEC Trust Fund Election Observation Mission to the Presidential Elections in East Timor	2004-2005	100	—	4	—	4	1	—	—	1	(73)	30
	2002-2003	—	368	4	—	372	272	—	—	272	—	100
UNDP/East Timor Special Fund for Former Indonesian Government Employees	2004-2005	(320)	—	50	150	200	4 676	—	(4 846)	(170)	—	50
	2002-2003	—	4 132	88	1 138	5 358	—	—	6 134	6 134	456	(320)
EEC Trust Fund for Recovery and Employment Afghanistan Programme (REAP)	2004-2005	(380)	59	—	—	59	(437)	57	—	(380)	—	59
	2002-2003	—	1 502	20	—	1 522	1 902	—	—	1 902	—	(380)
EEC Training Fund for Capacity Building through the Establishment of ICT Training Centres	2004-2005	82	—	3	—	3	30	1	—	31	—	54
	2002-2003	—	572	7	—	579	497	—	—	497	—	82
EEC/Indonesia partnership for governance reform	2004-2005	1 383	7 505	23	—	7 528	7 053	140	—	7 193	—	1 718
	2002-2003	—	1 367	16	—	1 383	—	—	—	—	—	1 383
Germany Trust Fund for Support to the Law and Order Trust Fund (LOFTA)	2004-2005	(37)	—	—	—	—	—	—	—	—	37	—
	2002-2003	—	2 018	2	—	2 020	1 959	98	—	2 057	—	(37)
EEC Trust Fund for Afghanistan Landmine Impact Survey	2004-2005	379	854	—	—	854	1 002	50	—	1 052	—	181
	2002-2003	—	1 496	13	—	1 509	1 130	—	—	1 130	—	379
Service delivery and resettlement: options for development planning	2004-2005	35	—	1	—	1	—	—	—	—	—	36
	2002-2003	—	183	1	—	184	149	—	—	149	—	35
EEC Trust Fund for Support to Capacity Building for Information Management in Afghanistan	2004-2005	269	456	—	—	456	644	19	—	663	—	62
	2002-2003	—	1 463	10	—	1 473	1 204	—	—	1 204	—	269

Name of Trust Fund	Year	Fund balances as at 1 January[a]	Income: Trust Funds: Contributions	Income: Trust Funds: Other	Income: Sub-trust funds	Income: Total	Expenditure: Trust Funds: Project costs	Expenditure: Trust Funds: Other	Expenditure: Sub-trust funds[b]	Expenditure: Total	Refunds to donors and transfers to/from other funds — net	Fund balances as at 31 December[a]
France Trust Fund to Support Capacity Development of the Civil Service in Afghanistan	2004-2005	916	—	21	—	21	619	19	—	638	—	299
	2002-2003	—	1 750	38	—	1 788	847	25	—	872	—	916
EEC Trust Fund for the Establishment of the National Livelihood based Food Security and Nutritional Surveillance System in Afghanistan	2004-2005	332	59	1	—	60	433	13	—	446	—	(54)
	2002-2003	—	340	—	—	340	8	—	—	8	—	332
EEC Trust Fund for the Rehabilitation of Hammams in Selected Cities of Afghanistan Through the Recovery and Employment Programme (REAP)	2004-2005	1 737	411	15	—	426	2 079	62	—	2 141	—	22
	2002-2003	—	1 829	—	—	1 829	92	—	—	92	—	1 737
EEC Law and Order Trust Fund for Afghanistan (LOTFA)	2004-2005	14 171	4 111	560	—	4 671	17 750	533	—	18 283	—	559
	2002-2003	—	14 171	—	—	14 171	—	—	—	—	—	14 171
UNDP Trust Fund for Support to the 2004 Elections in Indonesia	2004-2005	5 655 —	21 006	—	—	21 006	25 111	748	—	25 859	—	802
	2002-2003		7 776	—	—	7 776	2 059	62	—	2 121	—	5 655
EEC Trust Fund for Support to Development Posts for the Government of East Timor	2004-2005	1 600	776	61	—	837	2 059	121	—	2 150	—	257
	2002-2003	—	1 600	—	—	1 600	—	—	—	—	—	1 600
Law and Order Trust Fund for Afghanistan (LOFTA II)	2004-2005	—	63 072	3	—	63 075	59 766	1 793	—	61 559	—	1 516
	2002-2003	—	—	—	—	—	—	—	—	—	—	—
Voter registration project in Afghanistan	2004-2005	—	4 725	3	—	4 728	2 692	81	—	2 773	—	1 955
	2002-2003	—	—	—	—	—	—	—	—	—	—	—
Support to elections in Afghanistan	2004-2005	—	10 828	—	—	10 828	10 493	315	—	10 808	—	20
	2002-2003	—	—	—	—	—	—	—	—	—	—	—
Building Information Management Capacity in Afghanistan	2004-2005	—	2 670	2	—	2 672	1 596	47	—	1 643	—	1 029
	2002-2003	—	—	—	—	—	—	—	—	—	—	—

			Income				Expenditure					
			Trust Funds				Trust Funds					
Name of Trust Fund	*Year*	*Fund balances as at 1 January*[a]	*Contributions*	*Other*	*Sub-trust funds*	*Total*	*Project costs*	*Other*	*Sub-trust funds*[b]	*Total*	*Refunds to donors and transfers to/from other funds — net*	*Fund balances as at 31 December*[a]
Support to voter registration in Afghanistan	2004-2005	—	9 674	—	—	9 674	9 036	241	—	9 277	—	397
	2002-2003	—	—	—	—	—	—	—	—	—	—	—
UN Humanitarian Response Programme — Khagrachari Hill District Chittagong Hill Tracts — Bangladesh	2004-2005	—	759	—	—	759	707	49	—	756	—	3
	2002-2003	—	—	—	—	—	—	—	—	—	—	—
EU-India Disaster Preparedness Programme	2004-2005	—	6 314	7	–	6 321	2 209	188	—	2 397		3 924
	2002-2003	—	—	—	—	—	—	—	—	—		—
Pilot community-based disaster risk reduction in North Eastern Mountain areas — India	2004-2005	—	221	—	—	221	129	11	—	140	—	81
	2002-2003	—	—	—	—	—	—	—	—	—	—	—
Rehabilitation and Community Development in Rural Areas of East Timor	2004-2005	—	4 342	—	—	4 342	2 739	146	—	2 885	—	1 457
	2002-2003	—	—	—	—	—	—	—	—	—	—	—
Enhancing truth and reconciliation in East Timor: Support to CAVR	2004-2005	—	85	—	—	85	80	5	—	85	—	—
	2002-2003	—	—	—	—	—	—	—	—	—	—	—
Supporting and rehabilitating internally displaced persons (IDPs) and communities in Southern Philippines	2004-2005	—	2 914	—	—	2 914	2 666	80	—	2 746	—	168
	2002-2003	—	—	—	—	—	—	—	—	—	—	—
EEC Trust Fund for Chittagong Hill Tracts Development Facility in Bangladesh	2004-2005	—	4 678	3	—	4 681	2 794	112	—	2 906	—	1 775
	2002-2003	—	—	—	—	—	—	—	—	—	—	—
EEC/EU Trust Fund for China Biodiversity Programme	2004-2005	—	10 498	18	—	10 516	—	—	—	—	—	10 516
	2002-2003	—	—	—	—	—	—	—	—	—	—	—
EEC Trust Fund for Strengthening Democratic and Decentralized Local Governance in Cambodia	2004-2005	—	1 258	2	—	1 260	—	—	—	—	—	1 260
	2002-2003	—	—	—	—	—	—	—	—	—	—	—
UNDP Counter Narcotics Trust Fund for the Islamic Republic of Afghanistan	2004-2005	—	1 929	44	—	1 973	—	—	—	—	—	1 973
	2002-2003	—	—	—	—	—	—	—	—	—	—	—

			Income				Expenditure					
		Fund balances as at 1 January[a]	Trust Funds				Trust Funds				Refunds to donors and transfers to/from other funds — net	Fund balances as at 31 December[a]
Name of Trust Fund	Year		Contributions	Other	Sub-trust funds	Total	Project costs	Other	Sub-trust funds[b]	Total		
EEC — Afghanistan Trust Fund for Access to Justice at District Level (AJDL) — IM	2004-2005	—	548	1	—	549	—	—	—	—	—	549
	2002-2003	—	—	—	—	—	—	—	—	—	—	—
EEC —Support for the Establishment of an Afghan Legislature	2004-2005	—	2 895	4	—	2 899	1 461	63	—	1 524	—	1 375
	2002-2003	—	—	—	—	—	—	—	—	—	—	—
EEC — Afghanistan National Assembly Elections Project, Phase II	2004-2005	—	8 203	—	—	8 203	15 734	472	—	16 206	—	(8 003)
	2002-2003	—	—	—	—	—	—	—	—	—	—	—
EEC —Law and Order Trust Fund for Afghanistan — Phase III (LOTFA)	2004-2005	—	35 949	21	—	35 970	23 357	701	—	24 058	—	11 912
	2002-2003	—	—	—	—	—	—	—	—	—	—	—
EEC — Counter Narcotics Trust Fund in Afghanistan (CNTF)	2004-2005	—	14 118	25	—	14 143	—	—	—	—	—	14 143
	2002-2003	—	—	—	—	—	—	—	—	—	—	—
ECHO Trust Fund for Community-based support to rehabilitate livelihoods of Tsunami survivors and safety of fisher communities, India	2004-2005	—	486	1	—	487	81	4	—	85	—	402
	2002-2003	—	—	—	—	—	—	—	—	—	—	—
Belgium Trust Fund for National Area-based Development Programme in Afghanistan — Project Co-financing	2004-2005	—	5 929	9		5 938	851	11	—	862	—	5 076
	2002-2003	—	—	—	—	—	—	—	—	—	—	—
EEC Trust Fund for Support to the Suco Elections in Timor-Leste 2004/2005	2004-2005	—	331	—	—	331	312	15	—	327	—	4
	2002-2003	—	—	—	—	—	—	—	—	—	—	—

			Income				*Expenditure*					
			Trust Funds				*Trust Funds*					
Name of Trust Fund	*Year*	*Fund balances as at 1 January*[a]	*Contributions*	*Other*	*Sub-trust funds*	*Total*	*Project costs*	*Other*	*Sub-trust funds*[b]	*Total*	*Refunds to donors and transfers to/from other funds — net*	*Fund balances as at 31 December*[a]
EEC Trust Fund for Strengthening the Capacity of the National Assembly and Supporting Lao PDR in the International Criminal Court	2004-2005	—	502	—	—	502	383	25	—	408	—	94
	2002-2003	—	—	—	—	—	—	—	—	—	—	—
EEC Trust Fund for Emergency Response and Recovery for the Tsunami affected people of Maldives	2004-2005	—	1 057	1	—	1 058	281	20	—	301	—	757
	2002-2003	—	—	—	—	—	—	—	—	—	—	—
EEC Trust Fund for Post-Tsunami Community-led Reconstruction and Rehabilitation in the Maldives	2004-2005	—	878	1	—	879	352	—	—	352	—	527
	2002-2003	—	—	—	—	—	—	—	—	—	—	—
EEC — Assistance to UNDP's Mine Action Support in Sri Lanka	2004-2005	—	1 785	3	—	1 788	231	29	—	260	—	1 528
	2002-2003	—	—	—	—	—	—	—	—	—	—	—
EEC — Quick Recovery Project in North-East Sri Lanka	2004-2005	—	1 935	2	—	1 937	1 985	127	—	2 112	—	(175)
	2002-2003	—	—	—	—	—	—	—	—	—	—	—
EEC Trust Fund for Livelihood Development in the North and East, Sri Lanka	2004-2005	—	2 264	4	—	2 268	65	37	—	102	—	2 166
	2002-2003	—	—	—	—	—	—	—	—	—	—	—
EEC Trust Fund for Further Support to Elections in Afghanistan	2004-2005	—	—	—	—	—	9 041	271	—	9 312	—	(9 312)
	2002-2003	—	—	—	—	—	—	—	—	—	—	—
Total Fund Manager: UNDP Asia/Pacific	**2004-2005**	**55 393**	**277 883**	**1 532**	**2 276**	**281 691**	**261 071**	**8 312**	**3 441**	**272 824**	**(416)**	**63 844**
	2002-2003	**33 104**	**106 841**	**1 175**	**4 563**	**112 579**	**81 752**	**3 082**	**6 953**	**91 787**	**1 497**	**55 393**
Fund Manager: UNDP Europe and CIS												
UNDP Trust Fund for the Baltic Republics	2004-2005	320	—	15	—	15	—	—	—	—	—	335
	2002-2003	313	—	9	—	9	2	—	—	2	—	320

Name of Trust Fund	*Year*	*Fund balances as at 1 January*[a]	*Income*				*Expenditure*				*Refunds to donors and transfers to/from other funds — net*	*Fund balances as at 31 December*[a]
			Trust Funds				*Trust Funds*					
			Contributions	*Other*	*Sub-trust funds*	*Total*	*Project costs*	*Other*	*Sub-trust funds*[b]	*Total*		
UNDP Trust Fund for Peace and Development in Tajikistan	2004-2005	126	—	6	—	6	—	—	—	—	—	132
	2002-2003	123	—	3	—	3	—	—	—	—	—	126
UNDP/Switzerland Trust Fund for Aid Management and Aid Coordination in Kyrgyzstan	2004-2005	101	—	1	—	1	84	4	—	88	—	14
	2002-2003	102	—	2	—	2	3	—	—	3	—	101
Trust Fund in Support of the Strengthening of the Ministry of Foreign Affairs in Kyrgyzstan	2004-2005	34	—	2	—	2	—	—	—	—	—	36
	2002-2003	33	—	1	—	1	—	—	—	—	—	34
UNDP Trust Fund for Urgent Human Needs in Uzbekistan	2004-2005	20	—	1	—	1	—	—	—	—	—	21
	2002-2003	124	—	3	—	3	104	3	—	107	—	20
UNDP/Physicians for Human Rights (NGO) Trust Fund for Humanitarian Assistance Activities in the Former Yugoslavia	2004-2005	84	—	4	—	4	—	—	—	—	—	88
	2002-2003	211	—	6	—	6	132	1	—	133	—	84
Trust Fund in Support of National Capacity Building in External Aid Resources Management	2004-2005	—	—	—	—	—	—	—	—	—	—	—
	2002-2003	7	—	(7)	—	(7)	—	—	—	—	—	—
Trust Fund for the Aral Sea Basin Programme	2004-2005	—	—	—	—	—	—	—	—	—	—	—
	2002-2003	(28)	—	—	—	—	—	—	—	—	28	—
UNDP Sakha Republic (Yakutia) Trust Fund for the Programme of Assistance to the Northern Indigenous Peoples of the Sakha Republic	2004-2005	25	—	1	—	1	—	—	—	—	—	26
	2002-2003	97	—	1	—	1	69	4	—	73	—	25
EEC Trust Fund for Mitigation of consequences brought about by Hurricane Charley in Cuba	2004-2005	—	743	—	—	743	693	48	—	741	—	2
	2002-2003	—	—	—	—	—	—	—	—	—	—	—

Name of Trust Fund	Year	Fund balances as at 1 January^a	Income				Expenditure				Refunds to donors and transfers to/from other funds — net	Fund balances as at 31 December^a
			Trust Funds				Trust Funds					
			Contributions	Other	Sub-trust funds	Total	Project costs	Other	Sub-trust funds^b	Total		
EEC Trust Fund for Enhancement of Living Standards in Karakalpakstan — Republic of Uzbekistan	2004-2005	—	537	—	—	537	419	29	—	448	—	89
	2002-2003	—	—	—	—	—	—	—	—	—	—	—
EEC — Tajikistan Trust Fund for Emergency Rehabilitation of Rural Water Supply Systems, Sanitation Facilities and Hygiene Promotion through Schools in Kathlon Region	2004-2005	—	260	—	—	260	—	—	—	—	—	260
	2002-2003	—	—	—	—	—	—	—	—	—	—	—
UNDP Trust Fund for Mine Clearance in Bosnia and Herzegovina	2004-2005	54	—	2	6	8	—	—	—	—	(55)	7
	2002-2003	(389)	(157)	7	849	699	(9)	—	220	211	(45)	54
EEC Trust Fund for Enhancing Border Control Management in Moldova	2004-2005	—	2 208	—	—	2 208	2 291	160	—	2 451	—	(243)
	2002-2003	—	—	—	—	—	—	—	—	—	—	—
EEC Trust Fund for Capacity Development of the Ministry of Justice in Georgia	2004-2005	—	2 195	—	—	2 195	2 350	164	—	2 514	—	(319)
	2002-2003	—	—	—	—	—	—	—	—	—	—	—
EEC Trust Fund for UNDP/Stability Pact for South Eastern Europe Clearinghouse for the control of Small Arms and Light Weapons	2004-2005	—	349	—	—	349	385	27	—	412	—	(63)
	2002-2003	—	—	—	—	—	—	—	—	—	—	—
UNDP/EEC Trust Fund for the Project "Promotion of Social Integration in Latvia: Language Training Programme"	2004-2005	—	—	—	—	—	—	—	—	—	—	—
	2002-2003	(127)	122	—	—	122	(5)	—	—	(5)	—	—
UNDP/Belgium Trust Fund for Rehabilitation and Sustainable Development of Eastern Slavonia	2004-2005	(65)	138	—	—	138	—	—	—	—	—	73
	2002-2003	(68)	—	—	—	—	(3)	—	—	(3)	—	(65)

			Income				Expenditure					
		Fund balances as at 1 January[a]	Trust Funds				Trust Funds				Refunds to donors and transfers to/from other funds — net	Fund balances as at 31 December[a]
Name of Trust Fund	Year		Contributions	Other	Sub-trust funds	Total	Project costs	Other	Sub-trust funds[b]	Total		
EEC Trust Fund for Strengthening Effectiveness and Transparency of the Parliament of Georgia	2004-2005	—	594	—	—	594	675	47	—	722	—	(128)
	2002-2003	—	—	—	—	—	—	—	—	—	—	—
Trust Fund in Support of Estonia's State Programme for Integration of Non-Estonians into Estonian Society	2004-2005	34	—	2	—	2	—	—	—	—	—	36
	2002-2003	130	—	1	—	1	92	5	—	97	—	34
European Commission Village Employment and Rehabilitation Programme (VERP)	2004-2005	26	—	1	—	1	—	—	—	—	—	27
	2002-2003	336	—	3	—	3	313	—	—	313	—	26
EEC Trust Fund for Border Management in Central Asia (BOMCA 3)	2004-2005	—	833	—	—	833	761	55	—	816	—	17
	2002-2003	—	—	—	—	—	—	—	—	—	—	—
UNDP Trust Fund for Support to Semipalatinski Programme	2004-2005	435	—	3	—	3	416	16	—	432	—	6
	2002-2003	1 118	—	28	—	28	693	18	—	711	—	435
UNDP Trust Fund for the Kosovo Crisis	2004-2005	—	—	—	—	—	—	—	—	—	—	—
	2002-2003	11	—	(11)	—	(11)	—	—	—	—	—	—
EEC/Estonian Trust Fund to Support the Implementation of the Estonian Language Training Programme	2004-2005	(1)	—	—	—	—	—	—	—	—	1	—
	2002-2003	(1)	—	—	—	—	—	—	—	—	—	(1)
Norway Trust Fund for Municipal Employment Assistance Programme in Macedonia	2004-2005	25	—	1	—	1	13	—	—	13	—	13
	2002-2003	125	—	3	—	3	102	1	—	103	—	25
Norway Trust Fund for Rehabilitation and Sustainable Development in War-torn Areas Infrastructure in Croatia	2004-2005	18	—	—	—	—	—	—	—	—	(17)	1
	2002-2003	129	—	1	—	1	109	3	—	112	—	18

			Income				*Expenditure*					
			Trust Funds				*Trust Funds*					
Name of Trust Fund	*Year*	*Fund balances as at 1 January*[c]	*Contributions*	*Other*	*Sub-trust funds*	*Total*	*Project costs*	*Other*	*Sub-trust funds*[b]	*Total*	*Refunds to donors and transfers to/from other funds – net*	*Fund balances as at 31 December*[a]
UNDP Trust Fund for Support to the Baltic Countries	2004-2005	147	—	6	—	6	44	1	—	45	—	108
	2002-2003	410	—	13	—	13	254	5	—	259	(17)	147
EEC Trust Fund for the Return of Displaced Persons to the War-torn Areas of Croatia	2004-2005	(15)	—	—	—	—	—	—	—	—	—	(15)
	2002-2003	(15)	—	—	—	—	—	—	—	—	—	(15)
UNDP/ECHO Trust Fund Agreement for Comprehensive Shelter and Sanitation in the Earthquake affected Areas in Turkey	2004-2005	237	—	12	—	12	—	—	—	—	—	249
	2002-2003	201	—	9	—	9	(27)	—	—	(27)	—	237
UNDP Mine Action Trust Fund for Croatia	2004-2005	200	—	9	—	9	15	—	—	15	—	194
	2002-2003	165	199	4	—	203	163	5	—	168	—	200
UNDP/ECHO Trust Fund for Strengthening of Coping Capacities of Populations Affected by Maramara Earthquake	2004-2005	6	—	—	—	—	—	—	—	—	—	6
	2002-2003	16	—	—	—	—	10	—	—	10	—	6
Norway Trust Fund for Support to Human Development and Governance at the Local Level in Kosovo	2004-2005	29	—	1	—	1	—	—	—	—	—	30
	2002-2003	105	—	2	—	2	78	—	—	78	—	29
EEC Trust Fund for Croatia Programme for the Return of Displaced Persons and Refugees for Eastern Slavonia and Banovina	2004-2005	(110)	—	—	—	—	—	—	—	—	—	(110)
	2002-2003	513	26	3	—	29	652	—	—	652	—	(110)
Trust Fund for Providing Support to the Development Assistance Facility (DAF) of the Czech Republic for Strengthening Cooperation with Developing Countries	2004-2005	59	—	2	—	2	28	—	—	28	—	33
	2002-2003	128	530	3	—	533	557	45	—	602	—	59

			Income				Expenditure					
			Trust Funds				Trust Funds					
Name of Trust Fund	Year	Fund balances as at 1 January^a	Contributions	Other	Sub-trust funds	Total	Project costs	Other	Sub-trust funds^b	Total	Refunds to donors and transfers to/from other funds — net	Fund balances as at 31 December^a
Norway Trust Fund for Assistance to Mine Action Programme of Bosnia and Herzegovina	2004-2005	13	—	1	—	1	—	—	—	—	—	14
	2002-2003	152	(130)	1	—	(129)	9	1	—	10	—	13
EEC Trust Fund for Integration Reform Programme for Central Bosnia Canton	2004-2005	173	—	7	—	7	—	—	—	—	(127)	53
	2002-2003	(45)	739	—	—	739	521	—	—	521	—	173
EEC Trust Fund for the South Caucasus Anti-Drug Programme	2004-2005	(21)	—	—	—	—	—	—	—	—	—	(21)
	2002-2003	(40)	91	—	—	91	—	72	—	72	—	(21)
Germany Trust Fund for Support to the Mine Action Programme of Bosnia and Herzegovina	2004-2005	9	—	—	—	—	—	—	—	—	—	9
	2002-2003	104	—	3	—	3	98	—	—	98	—	9
EEC Trust Fund for the Rehabilitation in Nicosia, Omariye and Selimye Areas	2004-2005	(1 074)	1 160	—	—	1 160	229	—	—	229	—	(143)
	2002-2003	(43)	1 675	2	—	1 677	2 708	—	—	2 708	—	(1 074)
UNDP Trust Fund for Support to Mine Action in Bosnia and Herzegovina	2004-2005	(226)	2 030	16	—	2 046	1 618	56	—	1 674	(3)	143
	2002-2003	935	1 326	17	—	1 343	2 419	85	—	2 504	—	(226)
ECHO/ARMENIA Trust Fund for Emergency Assistance to the Drought Affected Farmers for Recovery and Sustainable Potato and Barley Production	2004-2005	8	—	—	—	—	—	—	—	—	—	8
	2002-2003	(30)	291	—	—	291	225	28	—	253	—	8
Sweden Trust Fund for Strengthening Cooperation among Civil Society Organizations to support sustainable human development in Belarus	2004-2005	(47)	107	—	—	107	51	7	—	58	—	2
	2002-2003	(7)	—	—	—	—	39	1	—	40	—	(47)

			Income				Expenditure					
		Fund balances as at 1 January[b]	Trust Funds				Trust Funds					
Name of Trust Fund	Year		Contributions	Other	Sub-trust funds	Total	Project costs	Other	Sub-trust funds[c]	Total	Refunds to donors and transfers to/from other funds — net	Fund balances as at 31 December[a]
EEC/UNDP Grant Agreement for External Aid — Bosnia and Herzegovina	2004-2005	(22)	—	—	—	—	—	—	—	—	22	—
	2002-2003	—	880	—	—	880	902	—	—	902	—	(22)
EEC Trust Fund for Local Economic Rehabilitation in the War-affected and other most disadvantaged Regions in Croatia	2004-2005	(319)	193	—	—	193	—	—	—	—	—	(126)
	2002-2003	—	2 025	7	—	2 032	2 351	—	—	2 351	—	(319)
EEC Trust Fund for Rapid Employment Programme in South Serbia	2004-2005	(755)	474	—	—	474	—	—	—	—	—	(281)
	2002-2003	—	3 199	15	—	3 214	3 969	—	—	3 969	—	(755)
EEC Trust Fund for Southern Caucasus Anti-Drug Programme — Phase II (SCAD II)	2004-2005	(26)	—	—	—	—	(28)	—	—	(28)	(28)	(26)
	2002-2003	—	518	3	—	521	547	—	—	547	—	(26)
EEC Trust Fund for Strengthening Border Management on the Belarusian-Ukrainian Border	2004-2005	48	—	2	—	2	—	—	—	—	—	50
	2002-2003	—	717	4	—	721	673	—	—	673	—	48
EEC Trust Fund for Partnership for the Future phase 2 Rehabilitation of Phaneromeni and Samanbahce Areas in Cyprus	2004-2005	(550)	1 683	—	—	1 683	928	—	—	928	—	205
	2002-2003	—	1 291	25	—	1 316	1 866	—	—	1 866	—	(550)
Belgium Trust Fund for Support to the project "Reintegration of Ex-combatants in Tajikistan"	2004-2005	2	—	—	—	—	—	—	—	—	—	2
	2002-2003	—	106	1	—	107	104	—	—	104	(1)	2
EEC Trust Fund for Azerbaijan Landmine Impact Survey	2004-2005	(236)	69	—	—	69	—	—	—	—	—	(167)
	2002-2003	—	1 120	7	—	1 127	1 363	—	—	1 363	—	(236)
EEC Trust Fund for National Drug Information Network (NADIN) in Central Asia	2004-2005	344	359	1	—	360	629	2	—	631	(230)	(157)
	2002-2003	—	425	10	—	435	91	—	—	91	—	344

			Income				Expenditure					
			Trust Funds				Trust Funds					
Name of Trust Fund	Year	Fund balances as at 1 January[a]	Contributions	Other	Sub-trust funds	Total	Project costs	Other	Sub-trust funds[b]	Total	Refunds to donors and transfers to/from other funds — net	Fund balances as at 31 December[a]
EEC Trust Fund for Small and Medium Enterprise Development in the GAP Region — Turkey	2004-2005	754	2 253	—	—	2 253	2 487	126	—	2 613	—	394
	2002-2003	—	1 614	5	—	1 619	865	—	—	865	—	754
EEC Trust Fund for Integrated Return Programme for Central Bosnia (Phase IV)	2004-2005	(279)	175	—	—	175	—	—	—	—	105	1
	2002-2003	—	698	5	—	703	982	—	—	982	—	(279)
EEC Trust Fund for the project Small Arms and Light Weapons Control (SALWC) in Albania	2004-2005	10	—	1	—	1	—	—	—	—	—	11
	2002-2003	—	477	2	—	479	469	—	—	469	—	10
EEC (ECHO) Trust Fund for Emergency Rehabilitation of Rural Water Supply Systems in Khatlon and Sughd Regions of Tajikistan	2004-2005	(138)	47	—	—	47	—	—	—	—	—	(91)
	2002-2003	—	669	5	—	674	812	—	—	812	—	(138)
EEC/Croatia Trust Fund for Income Generation and SME Support — Quick Impact Facility (QIF)	2004-2005	257	922	5	—	927	2 637	40	—	2 677	—	(1 493)
	2002-2003	—	3 234	12	—	3 246	2 989	—	—	2 989	—	257
EEC Trust Fund for Combating Trafficking in Women in the Republic of Belarus	2004-2005	302	366	1	—	367	768	38	—	806	—	(137)
	2002-2003	—	513	6	—	519	217	—	—	217	—	302
EEC Trust Fund for Partnership for the Future — Small Project Funds in Cyprus	2004-2005	217	409	1	—	410	958	—	—	958	—	(331)
	2002-2003	—	496	5	—	501	284	—	—	284	—	217
EEC Trust Fund for Business Support Project 2002 — Cyprus	2004-2005	483	727	3	—	730	1 382	—	—	1 382	—	(169)
	2002-2003	—	823	6	—	829	346	—	—	346	—	483

Name of Trust Fund	Year	Fund balances as at 1 January[b]	Income				Expenditure				Refunds to donors and transfers to/from other funds — net	Fund balances as at 31 December[a]
			Trust Funds				Trust Funds					
			Contributions	Other	Sub-trust funds	Total	Project costs	Other	Sub-trust funds[a]	Total		
EEC Trust Fund for Partnership for the Future — Rehabilitation of Nicosia — phase 3	2004-2005	526	—	3	—	3	1 050	—	—	1 050	—	(521)
	2002-2003	—	545	7	—	552	26	—	—	26	—	526
EEC Trust Fund for Drug control multisectoral assistance and institution building in Ukraine, Moldova and Belarus (BUMAD 1)	2004-2005	758	686	5	—	691	1 434	57	—	1 491	—	(42)
	2002-2003	—	1 316	—	—	1 316	558	—	—	558	—	758
EEC Trust Fund for Border Management for Central Asia (BOMCA), programme development mission	2004-2005	60	—	2	—	2	5	—	—	5	—	57
	2002-2003	—	138	—	—	138	78	—	—	78	—	60
EEC Trust Fund for Border Management for Central Asia Programme (BOMCA), first phase management training	2004-2005	76	—	3	—	3	11	1	—	12	—	67
	2002-2003	—	575	—	—	575	499	—	—	499	—	76
EEC Trust Fund for Albanian Mine Action Programme (AMAP) — Technical survey project	2004-2005	1 413	736	25	—	761	1 925	17	—	1 942	—	232
	2002-2003	—	1 508	—	—	1 508	95	—	—	95	—	1 413
EEC Trust Fund for Municipal Improvement and Revival Programme (MIR) Serbia and Montenegro	2004-2005	2 729	3 149	126	—	3 275	7 128	162	—	7 290	—	(1 286)
	2002-2003	—	3 438	—	—	3 438	709	—	—	709	—	2 729
EEC Trust Fund for Civil Society Inclusion in Poverty Reduction Strategy Papers (PRSP) — Serbia and Montenegro	2004-2005	364	553	17	—	570	974	19	—	993	—	(59)
	2002-2003	—	574	—	—	574	210	—	—	210	—	364
EEC Trust Fund for Emergency Rehabilitation of Rural Water Supply Systems in Khatlon and Sughd Regions of Tajikistan	2004-2005	390	—	19	—	19	289	17	—	306	—	103
	2002-2003	—	390	—	—	390	—	—	—	—	—	390

			Income				*Expenditure*					
			Trust Funds				*Trust Funds*					
Name of Trust Fund	*Year*	*Fund balances as at 1 January*[a]	*Contributions*	*Other*	*Sub-trust funds*	*Total*	*Project costs*	*Other*	*Sub-trust funds*[b]	*Total*	*Refunds to donors and transfers to/from other funds — net*	*Fund balances as at 31 December*[a]
EEC (ECHO) Trust Fund for Humanitarian Aid Action to Enhance Staff Safety and Security of the United Nations and Humanitarian Agencies operating in the North Caucasus — Russia	2004-2005	235	130	11	—	141	337	24	—	361	—	15
	2002-2003	—	235	—	—	235	—	—	—	—	—	235
EEC Trust Fund for the Caspian Center for Water Level Fluctuations (PROJECT I) and Caspian Environment Programme Coordination Unit (PROJECT II)	2004-2005	3	—	—	—	—	—	—	—	—	—	3
	2002-2003	—	79	—	—	79	76	—	—	76	—	3
EEC Trust Fund for South Caucasus anti-drug programme — phase III	2004-2005	484	—	—	—	—	588	—	—	588	—	(104)
	2002-2003	—	1 356	—	—	1 356	872	—	—	872	—	484
EEC/Bosnia Trust Fund for the Return of Refugees and DPs through an Increased Involvement of Domestic Authorities	2004-2005	1 508	531	14	—	545	2 276	114	—	2 390	—	(337)
	2002-2003	—	1 676	—	—	1 676	168	—	—	168	—	1 508
EEC Trust Fund for Stability Pact/UNDP Regional Clearinghouse on Small Arms and Light Weapons (SEE/SALW)	2004-2005	(27)	33	—	—	33	5	—	—	5	—	1
	2002-2003	—	172	—	—	172	199	—	—	199	—	(27)
Enhance the safety and security of United Nations and humanitarian aid agencies in the Northern Caucasus	2004-2005	—	348	—	—	348	262	18	—	280	—	68
	2002-2003	—	—	—	—	—	—	—	—	—	—	—
CARDS Programme — Albania support for trade regulation and trade promotions	2004-2005	—	2 267	3	—	2 270	1 140	68	—	1 208	—	1 062
	2002-2003	—	—	—	—	—	—	—	—	—	—	—

			Income				Expenditure					
			Trust Funds				Trust Funds					
Name of Trust Fund	Year	Fund balances as at 1 January[a]	Contributions	Other	Sub-trust funds	Total	Project costs	Other	Sub-trust funds[b]	Total	Refunds to donors and transfers to/from other funds — net	Fund balances as at 31 December[a]
Albania — Implementation of Government electronic network	2004-2005	—	176	—	—	176	167	8	—	175	—	1
	2002-2003	—	—	—	—	—	—	—	—	—	—	—
Armenia demining programme	2004-2005	—	1 383	1	—	1 384	596	41	—	637	—	747
	2002-2003	—	—	—	—	—	—	—	—	—	—	—
Capacity support to Azerbaijan National Agency for Mine Action (ANAMA)	2004-2005	—	1 348	—	—	1 348	1 509	67	—	1 576	—	(228)
	2002-2003	—	—	—	—	—	—	—	—	—	—	—
Sustainable transfer to return-related authorities (SUTRA) — phase II: Governance Support Programme, Bosnia	2004-2005	—	2 430	—	—	2 430	2 389	118	—	2 507	—	(77)
	2002-2003	—	—	—	—	—	—	—	—	—	—	—
Infrastructure and rehabilitation project for the main cities in Northern Cyprus	2004-2005	—	2 948	—	—	2 948	5 536	—	—	5 536	—	(2 588)
	2002-2003	—	—	—	—	—	—	—	—	—	—	—
Business Support Project, phase II — Cyprus	2004-2005	—	794	1	—	795	445	56	—	501	—	294
	2002-2003	—	—	—	—	—	—	—	—	—	—	—
Private sector development in North Cyprus	2004-2005	—	997	1	—	998	430	70	—	500	—	498
	2002-2003	—	—	—	—	—	—	—	—	—	—	—
PFF: Landmine and ordnance clearance in Cyprus	2004-2005	—	2 791	1	—	2 792	3 344	—	—	3 344	—	(552)
	2002-2003	—	—	—	—	—	—	—	—	—	—	—
Southern Caucasus anti-drug programme — phase IV (SCAD-IV)	2004-2005	—	2 264	—	—	2 264	1 723	106	—	1 829	—	435
	2002-2003	—	—	—	—	—	—	—	—	—	—	—
Georgia 2004 elections	2004-2005	—	2 247	—	—	2 247	2 030	102	—	2 132	—	115
	2002-2003	—	—	—	—	—	—	—	—	—	—	—
Support for the document management system at the Kosovo Assembly	2004-2005	—	212	—	—	212	224	3	—	227	—	(15)
	2002-2003	—	—	—	—	—	—	—	—	—	—	—
Central Asia drug action programme — second phase (CADAP-2)	2004-2005	—	4 756	5	—	4 761	1 563	112	—	1 675	—	3 086
	2002-2003	—	—	—	—	—	—	—	—	—	—	—

			Income				Expenditure					
			Trust Funds				Trust Funds					
Name of Trust Fund	Year	Fund balances as at 1 January[a]	Contributions	Other	Sub-trust funds	Total	Project costs	Other	Sub-trust funds[b]	Total	Refunds to donors and transfers to/from other funds — net	Fund balances as at 31 December[a]
Border management in Central Asia IV (BOMCA 4)	2004-2005	—	2 830	—	—	2 830	2 584	423	—	3 007	—	(177)
	2002-2003	—	—	—	—	—	—	—	—	—	—	—
Rehabilitation of Nicosia — phase IV — Restoration of the Venetian tower in Pyla	2004-2005	—	943	—	—	943	1 630	1	—	1 631	—	(688)
	2002-2003	—	—	—	—	—	—	—	—	—	—	—
EEC/EAR for continuation of UNDP programme of institutional support to the auction centre of the privatization agency	2004-2005	—	449	49	—	498	472	13	—	485	—	13
	2002-2003	—	—	—	—	—	—	—	—	—	—	—
UNDP/Stability Pact — South Eastern Europe Clearinghouse for Control of Small Arms and Light Weapons (SEESAC)	2004-2005	—	358	—	—	358	356	—	—	356	—	2
	2002-2003	—	—	—	—	—	—	—	—	—	—	—
United Nations Emergency Disaster Management Coordination project in Tajikistan	2004-2005	—	61	—	—	61	57	4	—	61	—	—
	2002-2003	—	—	—	—	—	—	—	—	—	—	—
Reform of Arbitration Courts and Support to Court Administration	2004-2005	—	2 473	—	—	2 473	2 088	161	—	2 249	—	224
	2002-2003	—	—	—	—	—	—	—	—	—	—	—
Drug control multisectoral assistance and institution building in Ukraine, Republic of Moldova and Belarus (BUMAD 2)	2004-2005	—	2 762	8	—	2 770	1 566	105	—	1 671	—	1 099
	2002-2003	—	—	—	—	—	—	—	—	—	—	—
Feasibility Studies for Economic Development Projects	2004-2005	—	516	—	—	516	418	36	—	454	—	62
	2002-2003	—	—	—	—	—	—	—	—	—	—	—
EEC Trust Fund — Appui a l'organisation de la Table Ronde des bailleurs de fonds De Sao Tome et Principe 2005	2004-2005	—	47	—	—	47	43	—	—	43	—	4
	2002-2003	—	—	—	—	—	—	—	—	—	—	—

			Income				Expenditure					
		Fund balances as at 1 January[a]	Trust Funds		Sub-trust funds	Total	Trust Funds		Sub-trust funds[b]	Total	Refunds to donors and transfers to/from other funds — net	Fund balances as at 31 December[a]
Name of Trust Fund	*Year*		*Contributions*	*Other*			*Project costs*	*Other*				
EEC Trust Fund for Border Management Programme for Central Asia, Phase 5	2004-2005	—	3 312	6	—	3 318	—	—	—	—	—	3 318
	2002-2003	—	—	—	—	—	—	—	—	—	—	—
EEC Trust Fund for Central Asia Drug Action Programme, Third Phase	2004-2005	—	2 359	4	—	2 363	—	—	—	—	—	2 363
	2002-2003	—	—	—	—	—	—	—	—	—	—	—
EEC Trust Fund for Lisbon Strategy and Millennium Development Goals	2004-2005	—	150	—	—	150	—	—	—	—	—	150
	2002-2003	—	—	—	—	—	—	—	—	—	—	—
EEC Trust Fund for Civil Service Training Programme in Bosnia and Herzegovina	2004-2005	—	941	2	—	943	—	—	—	—	—	943
	2002-2003	—	—	—	—	—	—	—	—	—	—	—
EEC Trust Fund for Rehabilitation Programme for the Georgian/Abkhaz Conflict Zone	2004-2005	—	822	1	—	823	—	—	—	—	—	823
	2002-2003	—	—	—	—	—	—	—	—	—	—	—
EEC Trust Fund for Municipal Improvement and Revival Programme (MIR) in Southern Serbia, Phase II	2004-2005	—	2 726	5	—	2 731	80	6	—	86	—	2 645
	2002-2003	—	—	—	—	—	—	—	—	—	—	—
EEC Trust Fund for Integrated Mine Action Programme in Azerbaijan	2004-2005	—	941	2	—	943	—	—	—	—	—	943
	2002-2003	—	—	—	—	—	—	—	—	—	—	—
EEC Trust Fund for Modernization of the Customs Services of the Republic of Azerbaijan	2004-2005	—	753	1	—	754	—	—	—	—	—	754
	2002-2003	—	—	—	—	—	—	—	—	—	—	—
EEC Trust Fund for Border Assistance Mission to Moldova and Ukraine	2004-2005	—	3 743	5	—	3 748	1 423	9	—	1 432	—	2 316
	2002-2003	—	—	—	—	—	—	—	—	—	—	—
EEC Trust Fund for Kukes Regional Development Initiative (KRDI) in Albania	2004-2005	—	1 570	1	—	1 571	1 210	30	—	1 240	—	331
	2002-2003	—	—	—	—	—	—	—	—	—	—	—
EEC CARDS Programme for a Mine Impact Free Albania by end 2006	2004-2005	—	2 105	4	—	2 109	—	—	—	—	—	2 109
	2002-2003	—	—	—	—	—	—	—	—	—	—	—

			Income				Expenditure					
			Trust Funds				Trust Funds					
Name of Trust Fund	*Year*	*Fund balances as at 1 January*[a]	*Contributions*	*Other*	*Sub-trust funds*	*Total*	*Project costs*	*Other*	*Sub-trust funds*[b]	*Total*	*Refunds to donors and transfers to/from other funds — net*	*Fund balances as at 31 December*[a]
EEC Trust Fund for Legislation Database Project in Bosnia and Herzegovina	2004-2005	—	211	—	—	211	61	4	—	65	—	146
	2002-2003	—	—	—	—	—	—	—	—	—	—	—
EEC Trust Fund for Support in addressing the Social consequences of transition in the Ferghana Valley, Kyrgyzstan	2004-2005	—	1 076	1	—	1 077	241	17	—	258	—	819
	2002-2003	—	—	—	—	—	—	—	—	—	—	—
EEC Trust Fund for Border Management Programme for Central Asia, Fourth Phase, Second Allocation	2004-2005	—	5 425	6	—	5 431	1 989	139	—	2 128	—	3 303
	2002-2003	—	—	—	—	—	—	—	—	—	—	—
ECHO Trust Fund to enhance the safety and security of the UN and humanitarian aid agencies in the North Caucasus, Russian Federation	2004-2005	—	244	—	—	244	228	16	—	244	—	—
	2002-2003	—	—	—	—	—	—	—	—	—	—	—
EEC — Serbia and Montenegro Cross-Border Cooperation Support Programme	2004-2005	—	462	1	—	463	63	4	—	67	—	396
	2002-2003	—	—	—	—	—	—	—	—	—	—	—
EEC Trust Fund for Western Balkans SALW Control Support Plan	2004-2005	—	1 404	2	—	1 406	—	—	—	—	—	1 406
	2002-2003	—	—	—	—	—	—	—	—	—	—	—
EEC Trust Fund for Support in addressing the social consequences of transition in the Ferghana Valley, Tajikistan	2004-2005	—	381	—	—	381	452	29	—	481	—	(100)
	2002-2003	—	—	—	—	—	—	—	—	—	—	—
EEC — Sustainable Water System Rehabilitation and Management — Tajikistan	2004-2005	—	363	1	—	364	88	4	—	92	—	272
	2002-2003	—	—	—	—	—	—	—	—	—	—	—

			Income				Expenditure					
		Fund balances as at 1 January[a]	Trust Funds				Trust Funds				Refunds to donors and transfers to/from other funds — net	Fund balances as at 31 December[a]
Name of Trust Fund	*Year*		*Contributions*	*Other*	*Sub-trust funds*	*Total*	*Project costs*	*Other*	*Sub-trust funds*[b]	*Total*		
EEC Trust Fund for Enhancement of Living Standards in Ferghana Valley — Republic of Uzbekistan	2004-2005	—	535	—	—	535	340	24	—	364	—	171
	2002-2003	—	—	—	—	—	—	—	—	—	—	—
EEC Trust Fund for Enhancing Border Management in the Republic of Belarus (BOMBEL)	2004-2005	—	3 400	—	—	3 400	1 110	55	—	1 165	—	2 235
	2002-2003	—	—	—	—	—	—	—	—	—	—	—
EEC Trust Fund for Business Support Project II — Ancillary Activities	2004-2005	—	556	1	—	557	21	—	—	21	—	536
	2002-2003	—	—	—	—	—	—	—	—	—	—	—
EEC Trust Fund for Support to Local Administration Reform Programme in Turkey	2004-2005	—	357	—	—	357	182	—	—	182	—	175
	2002-2003	—	—	—	—	—	—	—	—	—	—	—
EEC — Serbia and Montenegro Civil Society Participation in Poverty Reduction Strategy/Social Innovation Fund	2004-2005	—	1 896	1	—	1 897	1 345	94	—	1 439	—	458
	2002-2003	—	—	—	—	—	—	—	—	—	—	—
EEC Trust Fund for HIV/STI Prevention among Uniformed Services in Ukraine	2004-2005	—	435	1	—	436	7	30	—	37	—	399
	2002-2003	—	—	—	—	—	—	—	—	—	—	—
EEC Trust Fund for PFF Landmine & Ordinance clearance in Cyprus — Phase II	2004-2005	—	1 588	3	—	1 591	—	—	—	—	—	1 591
	2002-2003	—	—	—	—	—	—	—	—	—	—	—
EEC Trust Fund for Feasibility Studies for Economic Development Project II	2004-2005	—	556	1	—	557	30	—	—	30	—	527
	2002-2003	—	—	—	—	—	—	—	—	—	—	—
Total Fund Manager: UNDP Europe and CIS	**2004-2005**	9 235	98 360	450	6	98 816	75 297	3 204	—	78 501	(332)	29 218
	2002-2003	4 795	35 519	232	849	36 600	31 628	277	220	32 125	(35)	9 235

Name of Trust Fund	Year	Fund balances as at 1 January[a]	Income: Trust Funds: Contributions	Income: Trust Funds: Other	Income: Sub-trust funds	Income: Total	Expenditure: Trust Funds: Project costs	Expenditure: Trust Funds: Other	Expenditure: Sub-trust funds[b]	Expenditure: Total	Refunds to donors and transfers to/from other funds — net	Fund balances as at 31 December[c]
Fund Manager: UNDP Latin America and Caribbean												
CIDA/UNDP Trust Fund for Receipt of Payment by Users of the Caribbean Project Development Facility	2004-2005	—	—	—	—	—	—	—	—	—	—	—
	2002-2003	1	—	(1)	—	(1)	—	—	—	—	—	—
UNDP Trust Fund for Assistance to the Technical Cooperation Fund between Peru and Argentina to Administer Food Aid	2004-2005	—	—	—	—	—	—	—	—	—	—	—
	2002-2003	199	—	—	—	—	—	—	—	—	(199)	—
UNDP/Norway Trust Fund for the Special Plan of Economic Cooperation for Central America	2004-2005	—	—	—	—	—	—	—	—	—	—	—
	2002-2003	2	—	—	—	—	—	—	—	—	(2)	—
UNDP Trust Fund for the Regional Project "Cultural Heritage and Development"	2004-2005	—	—	—	—	—	—	—	—	—	—	—
	2002-2003	2	—	(2)	—	(2)	—	—	—	—	—	—
UNDP/JAIDO Trust Fund for Sea Island Cotton Pilot Production	2004-2005	23	—	—	—	—	—	—	—	—	(24)	(1)
	2002-2003	23	—	—	—	—	—	—	—	—	—	23
Trust Fund for the FMLN Relocation Points in El Salvador	2004-2005	—	—	—	—	—	—	—	—	—	—	—
	2002-2003	15	—	—	—	—	15	—	—	15	—	—
Trust Fund in Support of Peacebuilding Activities in El Salvador	2004-2005	898	288	36	—	324	188	—	—	188	(998)	36
	2002-2003	895	1 574	29	—	1 603	1 550	50	—	1 600	—	898
Support to the Joint Group in El Salvador	2004-2005	—	—	—	—	—	—	—	—	—	—	—
	2002-2003	31	(5)	—	—	(5)	24	2	—	26	—	—
UNDP/Japan Trust Fund in Support of Reintegration Activities in Haiti	2004-2005	424	—	21	—	21	—	—	—	—	—	445
	2002-2003	417	—	7	—	7	—	—	—	—	—	424

			Income				Expenditure					
			Trust Funds				Trust Funds					
Name of Trust Fund	Year	Fund balances as at 1 January[a]	Contributions	Other	Sub-trust funds	Total	Project costs	Other	Sub-trust funds[b]	Total	Refunds to donors and transfers to/from other funds — net	Fund balances as at 31 December[a]
UNDP/Spain Trust Fund for Support to the Governance in Central America	2004-2005	52	—	1	—	1	40	2	—	42	—	11
	2002-2003	776	—	14	—	14	686	52	—	738	—	52
UNDP/European Economic Commission (EEC) Trust Fund for PPB Technical Assistance Project	2004-2005	—	—	—	—	—	—	—	—	—	—	—
	2002-2003	(15)	—	—	—	—	—	—	—	—	15	—
UNDP Trust Fund for the Implementation of the Agreement on the Resettlement of Populations Uprooted by Armed Conflict in Guatemala	2004-2005	1 701	—	66	—	66	775	18	—	793	1	975
	2002-2003	2 438	—	59	—	59	744	52	—	796	—	1 701
UNDP Trust Fund for Electoral Assistance to Haiti	2004-2005	161	—	8	—	8	—	—	—	—	—	169
	2002-2003	156	—	5	—	5	—	—	—	—	—	161
UNDP Trust Fund for Assistance to the Haitian National Police	2004-2005	305	—	15	—	15	(1)	—	—	(1)	—	321
	2002-2003	571	—	12	—	12	270	8	—	278	—	305
UNDP/EEC Trust Fund for Support to Parliamentary and Presidential Elections in Suriname	2004-2005	—	—	—	—	—	—	—	—	—	—	—
	2002-2003	(29)	—	—	—	—	(29)	—	—	(29)	—	—
UNDP/EEC Trust Fund for Support to Parliamentary and Presidential Elections in Guyana	2004-2005	79	—	4	—	4	—	—	—	—	—	83
	2002-2003	(775)	778	—	—	778	(72)	(4)	—	(76)	—	79
EU Component within the GLOG Observation Mission — General Elections in Guyana	2004-2005	98	—	5	—	5	—	—	—	—	—	103
	2002-2003	—	225	2	—	227	129	—	—	129	—	98
ECHO Trust Fund for Strengthening Capacity for Preparing Response to Disaster Situations in Haiti	2004-2005	15	—	1	—	1	—	—	—	—	—	16
	2002-2003	(21)	193	—	—	193	157	—	—	157	—	15

Name of Trust Fund	Year	Fund balances as at 1 January[a]	Income				Expenditure				Refunds to donors and transfers to/from other funds — net	Fund balances as at 31 December[a]
			Trust Funds				Trust Funds					
			Contributions	Other	Sub-trust funds	Total	Project costs	Other	Sub-trust funds[b]	Total		
ECHO/Jamaica Trust Fund for Community Disaster/Management	2004-2005	(45)	—	—	—	—	114	2	—	116	—	(161)
Strengthening Programme	2002-2003	(32)	24	—	—	24	37	—	—	37	—	(45)
Belgium Trust Fund in Support of the Cuba Programme for "Saneamiento Ambiental de la Bahía de la	2004-2005	194	(194)	2	—	(192)	496	23	—	519	694	177
Havana"	2002-2003	897	537	—	—	537	1 192	48	—	1 240	—	194
Belgium Trust Fund in Support of the Cuba Programmes for Housing Construction and Recovery in	2004-2005	—	—	—	—	—	—	—	—	—	—	—
Old Havana	2002-2003	—	1 412	—	—	1 412	1 358	54	—	1 412	—	—
UNDP Trust Fund for Support to Cuba for the Reconstruction and Recovery as a result of Devastation	2004-2005	69	—	1	—	1	61	2	—	63	—	7
caused by Hurricane Mitchell	2002-2003	293	(111)	4	—	(107)	111	6	—	117	—	69
Belgium Trust Fund for Support to the Programme "Apoyo a la Comisión de la	2004-2005	(6)	—	—	—	—	—	(6)	—	(6)	—	—
Verdad y Reconciliación"	2002-2003	—	442	1	—	443	427	21	—	448	(1)	(6)
EEC Trust Fund for Support to Social Infrastructure Project — Rehabilitation of 35.5 Kms roadway from Port-Paix to Jean Rabel —	2004-2005	64	—	2	—	2	(15)	(1)	—	(16)	—	82
Haiti	2002-2003	(136)	815	4	—	819	591	28	—	619	—	64
Belgium Trust Fund for Support to the Programme "Réconstruction et Réhabilitation de logements à	2004-2005	982	—	18	—	18	947	28	—	975	—	25
Pinar del Rio — Cuba"	2002-2003	—	1 178	—	—	1 178	196	—	—	196	—	982

		Income					Expenditure					
			Trust Funds				Trust Funds					
Name of Trust Fund	*Year*	*Fund balances as at 1 January*[a]	*Contributions*	*Other*	*Sub-trust funds*	*Total*	*Project costs*	*Other*	*Sub-trust funds*[b]	*Total*	*Refunds to donors and transfers to/from other funds — net*	*Fund balances as at 31 December*[a]
EEC Trust Fund for Support to Caribbean Regional Assistance Centre	2004-2005	735	912	4	—	916	1 442	—	—	1 442	—	209
	2002-2003	—	1 193	—	—	1 193	440	18	—	458	—	735
EEC (ECHO) Trust Fund for Radar Early Warning in the Caribbean	2004-2005	170	76	1	—	77	246	17	—	263	—	(16)
	2002-2003	—	170	—	—	170	—	—	—	—	—	170
EEC Trust Fund pour "Appui au renforcement de la société civile dans le cadre de participation au processus de réforme de la justice pénale en Haiti"	2004-2005	300	437	7	—	444	588	41	—	629	10	125
	2002-2003	—	300	—	—	300	—	—	—	—	—	300
EEC Trust Fund for Water and Sanitation Observatory of Guatemala	2004-2005	277	704	11	—	715	669	30	—	699	—	293
	2002-2003	—	362	—	—	362	85	—	—	85	—	277
EEC Trust Fund for Support to Prevention of the Diversion of Chemical Precursors for the Scope of Drug Manufacturing in the Andean Countries	2004-2005	918	—	36	—	36	409	20	—	429	—	525
	2002-2003	—	918	—	—	918	—	—	—	—	—	918
Support to the activities of the Office of the UN Secretary-General's Special Adviser for Colombia	2004-2005	—	343	1	—	344	—	—	—	—	—	344
	2002-2003	—	—	—	—	—	—	—	—	—	—	—
Programme for Democratic Development in Latin America (PRODDAL)	2004-2005	—	1 119	—	—	1 119	1 054	65	—	1 119	—	—
	2002-2003	—	—	—	—	—	—	—	—	—	—	—
Programme for Democratic Development in Latin America (PRODDAL II)	2004-2005	—	799	1	—	800	267	19	—	286	—	514
	2002-2003	—	—	—	—	—	—	—	—	—	—	—
UNDP/EEC Trust Fund for the Project "Reserva de la Biosfera — Banados el Este Uruguay"	2004-2005	29	54	1	—	55	54	—	—	54	—	30
	2002-2003	55	—	—	—	—	25	1	—	26	—	29

Name of Trust Fund	Year	Fund balances as at 1 January[a]	Income				Expenditure				Refunds to donors and transfers to/from other funds — net	Fund balances as at 31 December[a]
			Trust Funds				Trust Funds					
			Contributions	Other	Sub-trust funds	Total	Project costs	Other	Sub-trust funds[b]	Total		
UNDP/Sweden Trust Fund for Emergency Relief Assistance to Honduras	2004-2005	—	—	—	—	—	—	—	—	—	—	—
	2002-2003	1	—	(1)	—	(1)	—	—	—	—	—	—
EEC Trust Fund pour Appui des Elections locales, legislatives et Presidentielles en Haiti	2004-2005	—	11 372	19	—	11 391	1 853	34	—	1 887	—	9 504
	2002-2003	—	—	—	—	—	—	—	—	—	—	—
EEC Trust Fund for Support to the Organization of Local, Legislative and Presidential Elections in Haiti	2004-2005	—	8 852	16	—	8 868	—	—	—	—	—	8 868
	2002-2003	—	—	—	—	—	—	—	—	—	—	—
EEC Trust Fund for Consolidation of Democracy and Support to Election Activities 2005 in Suriname	2004-2005	—	462	—	—	462	332	24	—	356	—	106
	2002-2003	—	—	—	—	—	—	—	—	—	—	—
ECHO Trust Fund for Fostering Knowledge Transfer and Replication of Best Practice in Disaster Preparedness/Risk Reduction within the Caribbean	2004-2005	—	374	1	—	375	—	—	—	—	—	375
	2002-2003	—	—	—	—	—	—	—	—	—	—	—
Total Fund Manager: UNDP Latin America and Caribbean	**2004-2005**	**7 443**	**25 598**	**278**	—	**25 876**	**9 519**	**318**	—	**9 837**	**(317)**	**23 165**
	2002-2003	**5 764**	**10 005**	**133**	—	**10 138**	**7 936**	**336**	—	**8 272**	**(187)**	**7 443**
Fund Manager: BOM												
UNDP Trust Fund for the Evaluation of UNIFEM	2004-2005	16	—	100	—	100	—	—	—	—	—	116
	2002-2003	16	—	—	—	—	—	—	—	—	—	16
Swedish Trust Fund on Efficiency and Effectiveness Enhancing Measures Within UNDP	2004-2005	1 543	—	76	—	76	—	—	—	—	—	1 619
	2002-2003	1 502	—	44	—	44	—	3	—	3	—	1 543
UNDP 2001 Trust Fund	2004-2005	1 403	144	62	11	217	—	—	—	—	—	1 620
	2002-2003	1 410	—	35	7	42	46	1	2	49	—	1 403

Name of Trust Fund	Year	Fund balances as at 1 January^a	Income				Expenditure				Refunds to donors and transfers to/from other funds — net	Fund balances as at 31 December^a
			Trust Funds				Trust Funds					
			Contributions	Other	Sub-trust funds	Total	Project costs	Other	Sub-trust funds^b	Total		
UNDP/Italy Trust Fund for Anti-Poverty Partnership Initiatives	2004-2005	2 840	4 276	225	—	4 501	3 073	52	—	3 125	—	4 216
	2002-2003	6 783	—	149	—	149	2 545	688	—	3 233	(859)	2 840
UNDP/SIDA Trust Fund for Assistance to UNDP-specific Activities	2004-2005	27 733	129 226	55	—	129 281	94 008	4 212	—	98 220	(27 552)	31 242
	2002-2003	27 333	69 799	1 194	—	70 993	60 446	2 126	—	62 572	(8 021)	27 733
UNSECOORD's Programme for the Security Coordination Structure in Iraq	2004-2005	377	—	21	—	21	—	—	—	—	—	398
	2002-2003	—	806	—	—	806	409	20	—	429	—	377
UNDP/Canada Trust Fund for Security Operations identified in the 2003 UN Flash Appeal for Iraq	2004-2005	435	—	8	—	8	414	22	—	436	—	7
	2002-2003	—	690		—	690	243	12	—	255	—	435
Trust Fund for Support of UNSECOORD for the 2002 UN Consolidated Inter-Agency Appeal for the North Caucasus	2004-2005	15	—	1	—	1	—	—	—	—	—	16
	2002-2003	—	270	3	—	273	258	—	—	258	—	15
Trust Fund for Support of UNSECOORD Earmarking: Security Operations in Sudan	2004-2005	(85)	—		—	—	—	—	—	—	—	(85)
	2002-2003	—	50	—	—	50	135	—	—	135	—	(85)
Trust Fund for Support of UNSECOORD Earmarking: Security of relief staff in the Democratic Republic of Congo	2004-2005	537	—	16	—	16	321	—	—	321	—	232
	2002-2003	—	615	10	—	625	88	—	—	88	—	537
Trust Fund for Implementation of UNDP Business Plan Initiatives 2000-2003	2004-2005	1 627	—	45	—	45	1 140	—	—	1 140	—	532
	2002-2003	1 151	5 554	179	—	5 733	5 472	66	—	5 538	281	1 627

Name of Trust Fund	Year	Fund balances as at 1 January[a]	Income				Expenditure				Refunds to donors and transfers to/from other funds — net	Fund balances as at 31 December[a]
			Trust Funds				Trust Funds					
			Contributions	Other	Sub-trust funds	Total	Project costs	Other	Sub-trust funds[b]	Total		
UNDP/United Kingdom Trust Fund on behalf of UNSECOORD Programme for the Reinforcement of Security for UN Operations in Iraq	2004-2005	—	5 329	152	—	5 481	5 006	263	—	5 269	—	212
	2002-2003	—	—	—	—	—	—	—	—	—	—	—
Total Fund Manager: BOM	**2004-2005**	**36 441**	**138 975**	**761**	**11**	**139 747**	**103 962**	**4 549**	**—**	**108 511**	**(27 552)**	**40 125**
	2002-2003	**38 195**	**77 784**	**1 614**	**7**	**79 405**	**69 642**	**2 916**	**2**	**72 560**	**(8 599)**	**36 441**
Fund Manager: BOM/DRPC												
UNDP Trust Fund for the Developing Countries Afflicted by Famine and Malnutrition	2004-2005	714	—	35	—	35	—	—	—	—	—	749
	2002-2003	694	—	20	—	20	—	—	—	—	—	714
Total Fund Manager: BOM/DRPC	**2004-2005**	**714**	**—**	**35**	**—**	**35**	**—**	**—**	**—**	**—**	**—**	**749**
	2002-2003	**694**	**—**	**20**	**—**	**20**	**—**	**—**	**—**	**—**	**—**	**714**
Fund Manager: BCPR												
UNDP Trust Fund for Support to Prevention and Reduction of the Proliferation of Small Arms	2004-2005	—	—	—	—	—	—	—	—	—	—	—
	2002-2003	2 752	7 166	108	306	7 580	2 252	69	—	2 321	(8 011)	—
UNDP Trust Fund for Crisis Post-conflict and Recovery Situations	2004-2005	581	—	29	—	29	(14)	—	—	(14)	—	624
	2002-2003	28 571	27 111	447	67 767	95 325	18 239	5 440	65 237	88 916	(34 399)	581
Denmark Trust Fund for Transition Recovery Programme	2004-2005	—	—	—	—	—	—	—	—	—	—	—
	2002-2003	—	395	4	—	399	166	—	—	166	(233)	—
EEC (ECHO)/Afghanistan Trust Fund for Humanitarian Information Center to Support the Humanitarian Community with Operational Data and Information Standards and Products	2004-2005	—	—	—	—	—	—	—	—	—	—	—
	2002-2003	—	496	6	—	502	—	—	—	—	(502)	—

Name of Trust Fund	Year	Fund balances as at 1 January[a]	Income				Expenditure				Refunds to donors and transfers to/from other funds — net	Fund balances as at 31 December[a]
			Trust Funds				Trust Funds					
			Contributions	Other	Sub-trust funds	Total	Project costs	Other	Sub-trust funds[b]	Total		
EEC Trust Fund for Strengthening Emergency Field Coordination in Afghanistan	2004-2005	1	—	—	—	—	—	—	—	—	140	141
	2002-2003	—	226	3	—	229	—	—	—	—	(228)	1
UNDP Thematic Trust Fund for Crisis Prevention and Recovery	2004-2005	115 180	26 782	449	401 808	429 039	—	—	351 673	351 673	(12 189)	180 357
	2002-2003	3 559	5 706	331	126 037	132 074	2 813	81	63 855	66 749	46 296	115 180
UNDP Trust Fund for Sustainable Social Development, Peace and Support to Countries in Special Situations	2004-2005	189	—	113	—	113	1 922	—	—	1 922	3 830	2 210
	2002-2003	3 071	11 585	124	6	11 715	13 711	48	—	13 759	(838)	189
Total Fund Manager BCPR	**2004-2005**	**115 951**	**26 782**	**591**	**401 808**	**429 181**	**1 908**	—	**351 673**	**353 581**	**(8 219)**	**183 332**
	2002-2003	**37 953**	**52 685**	**1 023**	**194 116**	**247 824**	**37 181**	**5 638**	**129 092**	**171 911**	**2 085**	**115 951**
Fund Manager: SU/TCDC												
Perez-Guerrero Trust Fund for Economic and Technical Cooperation among Developing Countries	2004-2005	6 016	1 104	436	—	1 540	758	7	—	765		6 791
	2002-2003	6 628	(9)	389	—	380	972	20	—	992	—	6 016
UNDP/DEVNET Trust Fund for Technological Information Pilot System (TIPS)	2004-2005	131	—	6	—	6	—	—	—	—	—	137
	2002-2003	71	—	2	—	2	(57)	(1)	—	(58)	—	131
UNDP Trust Fund for the Promotion of South-South Cooperation	2004-2005	1 192	5 153	174	—	5 327	1 030	126	—	1 156	—	5 363
	2002-2003	1 068	950	31	—	981	800	7	—	807	(50)	1 192
IBSA Facility	2004-2005	—	2 705	90	—	2 795	139	7	—	146	—	2 649
	2002-2003	—	—	—	—	—	—	—	—	—	—	—
Total Fund Manager: SU/TCDC	**2004-2005**	**7 339**	**8 962**	**706**	—	**9 668**	**1 927**	**140**	—	**2 067**	—	**14 940**
	2002-2003	**7 767**	**941**	**422**	—	**1 363**	**1 715**	**26**	—	**1 741**	**(50)**	**7 339**
Fund Manager: BRSP												
UNDP Trust Fund for Action on Development Issues	2004-2005	(6)	—	—	—	—	—	—	—	—	—	(6)
	2002-2003	191	520	12	—	532	473	4	—	477	(252)	(6)

			Income				Expenditure					
		Fund balances as at 1 January[a]	Trust Funds				Trust Funds				Refunds to donors and transfers to/from other funds – net	Fund balances as at 31 December[a]
Name of Trust Fund	Year		Contributions	Other	Sub-trust funds	Total	Project costs	Other	Sub-trust funds[b]	Total		
UNDP Millennium Trust Fund	2004-2005	9 856	13 866	261	3 282	17 409	10 900	589	7 097	18 586	(726)	7 953
	2002-2003	—	9 112	76	5 334	14 522	(248)	3 489	1 425	4 666	—	9 856
Fonds d'Affectation Spécial Français	2004-2005	—	419	21	—	440	265	—	—	265	635	810
	2002-2003	—	—	—	—	—	—	—	—	—	—	—
Belgium Trust Fund for Enhancing Private Sector Development Assistance for Developing Countries and promoting UN Reform at the country level	2004-2005	—	224	1	—	225	58	3	—	61	—	164
	2002-2003	—	—	—	—	—	—	—	—	—	—	—
Total Fund Manager: BRSP	**2004-2005**	**9 850**	**14 509**	**283**	**3 282**	**18 074**	**11 223**	**592**	**7 097**	**18 912**	**(91)**	**8 921**
	2002-2003	**191**	**9 632**	**88**	**5 334**	**15 054**	**225**	**3 493**	**1 425**	**5 143**	**(252)**	**9 850**
Fund Manager: UNDP Arab States												
EEC Trust Fund for Local Government and Country Recovery in South Sudan	2004-2005	—	620	1	—	621	(17)	—	—	(17)	—	638
	2002-2003	—	—	—	—	—	—	—	—	—	—	—
UNDP Trust Fund for Somalia	2004-2005	1 278	—	62	—	62	14	—	—	14	—	1 326
	2002-2003	1 118	18	35	—	53	(104)	(3)	—	(107)	—	1 278
EEC/Syria Trust Fund for the "Project Population and Housing Census in Syria"	2004-2005	—	—	—	—	—	—	—	—	—	—	—
	2002-2003	283	—	5	—	5	1	—	—	1	(287)	—
Trust Fund for Poverty Alleviation in the Arab Region	2004-2005	299	—	14	—	14	—	—	—	—	—	313
	2002-2003	409	—	10	—	10	116	4	—	120	—	299
UNDP Trust Fund for the Iraq Programme	2004-2005	(16 750)	22 238	281	—	22 519	(191)	(45)	—	(236)	(5 833)	172
	2002-2003	(4 437)	271 910	309	—	272 219	272 945	11 146	—	284 091	(441)	(16 750)
UNDP/Italy Trust Fund for the project "Yemen Environment, Natural Resources and Poverty in the Socotra Archipelago"	2004-2005	72	—	4	—	4	—	—	—	—	—	76
	2002-2003	460	—	6	—	6	382	12	—	394	—	72

			Income				Expenditure					
			Trust Funds				Trust Funds					
Name of Trust Fund	*Year*	*Fund balances as at 1 January*[a]	*Contributions*	*Other*	*Sub-trust funds*	*Total*	*Project costs*	*Other*	*Sub-trust funds*[b]	*Total*	*Refunds to donors and transfers to/from other funds — net*	*Fund balances as at 31 December*[a]
EEC Trust Fund for the Mediterranean Urban Waste Management Programme	2004-2005	(44)	198	—	—	198	—	—	—	—	—	154
	2002-2003	205	201	—	—	201	450	—	—	450	—	(44)
EEC (ECHO) Trust Fund for Security Operations for OLS Northern Sector in Sudan	2004-2005	—	—	—	—	—	—	—	—	—	—	—
	2002-2003	63	17	—	—	17	74	6	—	80	—	—
Iraq/EEC (ECHO) Trust Fund for Improvement of the Living Conditions and Self-esteem of Women Inmates	2004-2005	5	—	—	—	—	—	—	—	—	—	5
	2002-2003	73	22	—	—	22	87	3	—	90	—	5
Iraq/EEC (ECHO) Trust Fund for Rehabilitation of Water Treatment Plant Water Pumping and Sewage Pumping Stations in Baghdad	2004-2005	20	—	1	—	1	—	—	—	—	—	21
	2002-2003	593	122	4	—	126	677	22	—	699	—	20
ICT Trust Fund for Egypt	2004-2005	7 363	2 563	208	—	2 771	5 962	301	—	6 263	—	3 871
	2002-2003	—	8 450	97	—	8 547	1 128	56	—	1 184	—	7 363
EEC Trust Fund for Somalia Landmine Impact Survey	2004-2005	(73)	119	—	—	119	(14)	—	—	(14)	—	60
	2002-2003	—	462	2	—	464	523	14	—	537	—	(73)
EEC (ECHO) Trust Fund for Enhanced UN Security Operation in Support of Humanitarian Aid Efforts in Sudan	2004-2005	70	—	3	—	3	66	3	—	69	—	4
	2002-2003	—	136	—	—	136	66	—	—	66	—	70
ECHO Trust Fund for Improvement of the Health and Sanitary Conditions in Mosul Centre for the Elderly	2004-2005	76	23	4	—	27	79	4	—	83	—	20
	2002-2003	—	75	1	—	76	—	—	—	—	—	76
EEC Trust Fund for Somalia AU/UN Strategic Demilitarization Planning Unit	2004-2005	—	265	—	—	265	139	7	—	146	—	119
	2002-2003	—	—	—	—	—	—	—	—	—	—	—

			Income				Expenditure					
			Trust Funds				Trust Funds					
Name of Trust Fund	Year	Fund balances as at 1 January[b]	Contributions	Other	Sub-trust funds	Total	Project costs	Other	Sub-trust funds[c]	Total	Refunds to donors and transfers to/from other funds — net	Fund balances as at 31 December[c]
EEC Trust Fund for Enhancement of Permanent Environmental Awareness Unit at the Ministry of Environment in Lebanon	2004-2005	39	13	—	—	13	47	4	—	51	—	1
	2002-2003	—	87	2	—	89	46	4	—	50	—	39
ECHO/Iraq Trust Fund for Humanitarian Rehabilitation of Water and Sanitation Facilities in Baghdad	2004-2005	(292)	—	—	—	—	—	—	—	—	—	(292)
	2002-2003	—	1 379	—	—	1 379	1 671	—	—	1 671	—	(292)
EEC Trust Fund for Strategic Environmental Assessment and Land Use Planning in Lebanon	2004-2005	60	119	—	—	119	143	10	—	153	—	26
	2002-2003	—	100	2	—	102	39	3	—	42	—	60
ECHO Trust Fund for Electoral Support Project for the Supreme Commission for Elections and Referenda in Yemen	2004-2005	38	—	2	—	2	—	—	—	—	(51)	(11)
	2002-2003	—	465	2	—	467	429	—	—	429	—	38
UNDP Fund for the Programme of Assistance to the Palestinian People	2004-2005	29 083	120 192	1 575	742	122 509	110 077	552	—	110 629	(250)	40 713
	2002-2003	39 058	44 655	790	14 723	60 168	62 244	313	7 595	70 152	9	29 083
EEC/Lebanon Trust Fund for LIFE Third Countries — Technical Assistance to Reinforce Governance in Environmental Tasks	2004-2005	182	158	7	—	165	174	9	—	183	—	164
	2002-2003	—	183	—	—	183	1	—	—	1	—	182
EEC Trust Fund for Djibouti for the project "Réinsertion des déplacés à travers la (ré)construction des logement détruits et endommagés dans les zones affectées par le conflit"	2004-2005	1 018	449	19	—	468	1 405	55	—	1 460	—	26
	2002-2003	—	1 059	—	—	1 059	41	—	—	41	—	1 018

			Income				Expenditure					
			Trust Funds				Trust Funds					
Name of Trust Fund	*Year*	*Fund balances as at 1 January*[c]	*Contributions*	*Other*	*Sub-trust funds*	*Total*	*Project costs*	*Other*	*Sub-trust funds*[b]	*Total*	*Refunds to donors and transfers to/from other funds — net*	*Fund balances as at 31 December*[a]
UNDP Trust Fund for Support to Programme Activities in Iraq in Electricity and Infrastructure	2004-2005	20 549	—	612	—	612	—	—	—	—	(21 161)	—
	2002-2003	—	29 282	—	—	29 282	8 733	—	—	8 733	—	20 549
EEC/Somalia Trust Fund for Mine Action Capacity Building and Landmine Impact Survey	2004-2005	1 131	—	18	—	18	1 258	23	—	1 281	(18)	(150)
	2002-2003	—	1 514	—	—	1 514	383	—	—	383	—	1 131
EEC Trust Fund for Rehabilitation of Sanitation Services in Baghdad Iraq	2004-2005	3 818	—	186	—	186	90	6	—	96	—	3 908
	2002-2003	—	3 818	—	—	3 818	—	—	—	—	—	3 818
ECHO Trust Fund for Enhanced United Nations Security Operations in Support of Humanitarian Aid Efforts	2004-2005	186	—	—	—	—	260	—	—	260	—	(74)
	2002-2003	—	186	—	—	186	—	—	—	—	—	186
EEC (European Dev. Fund)/ Somalia Trust Fund Proposed Feasibility Study on Financial Services	2004-2005	60	—	3	—	3	—	—	—	—	—	63
	2002-2003	—	64	—	—	64	4	—	—	4	—	60
EEC/Somalia Trust Fund for Information Coverage in the Eldoret Peace Process (phases 2 and 3)	2004-2005	84	—	4	—	4	(16)	—	—	(16)	(36)	68
	2002-2003	—	149	—	—	149	65	—	—	65	—	84
EEC/Somalia Trust Fund for enhancing Good Governance through Support to SACB Secretariat	2004-2005	148	—	7	—	7	41	4	—	45	—	110
	2002-2003	—	195	—	—	195	47	—	—	47	—	148
Security awareness induction training for Iraq	2004-2005	—	483	—	—	483	483	24	—	507	—	(24)
	2002-2003	—	—	—	—	—	—	—	—	—	—	—
Support to Iraq reconstruction	2004-2005	—	245 089	5 447	—	250 536	128 940	5 726	—	134 666	—	115 870
	2002-2003	—	—	—	—	—	—	—	—	—	—	—
Emergency procurement of security and protection equipment, materials and services — Iraq	2004-2005	—	1 853	—	—	1 853	1 632	74	—	1 706	—	147
	2002-2003	—	—	—	—	—	—	—	—	—	—	—

Name of Trust Fund	Year	Fund balances as at 1 January[a]	Income				Expenditure				Refunds to donors and transfers to/from other funds — net	Fund balances as at 31 December[a]
			Trust Funds				Trust Funds					
			Contributions	Other	Sub-trust funds	Total	Project costs	Other	Sub-trust funds[b]	Total		
Integrated Waste Management for the Olive-oil pressing industries in Lebanon, the Syrian Arab Republic and Jordan	2004-2005	—	380	—	—	380	120	8	—	128	—	252
	2002-2003	—	—	—	—	—	—	—	—	—	—	—
Somalia Aid Coordination Body (SACB)	2004-2005	—	334	—	—	334	217	14	—	231	—	103
	2002-2003	—	—	—	—	—	—	—	—	—	—	—
Promoting the rights of women and children through information (Tunisia, Lebanon, Egypt)	2004-2005	—	244	—	—	244	532	16	—	548	—	(304)
	2002-2003	—	—	—	—	—	—	—	—	—	—	—
Arab Human Development Report	2004-2005	—	958	28	503	1 489	—	—	209	209	(254)	1 026
	2002-2003	—	—	—	—	—	—	—	—	—	—	—
Trust Fund for Support of Programme Activities in the Iraq Elections	2004-2005	—	—	—	—	—	21 064	1 544	—	22 608	21 161	(1 447)
	2002-2003	—	—	—	—	—	—	—	—	—	—	—
EEC Trust Fund for Coordination and Management of UNRC	2004-2005	—	210	—	—	210	219	10	—	229	—	(19)
	2002-2003	—	—	—	—	—	—	—	—	—	—	—
Emergency Procurement of technical goods and services for a United Nations Informatics and communications infrastructure — Iraq	2004-2005	—	—	—	—	—	—	—	—	—	—	—
	2002-2003	—	—	—	—	—	(571)	571	—	—	—	—
EEC Trust Fund for Somalia Joint Needs Assessment	2004-2005	—	1 151	2	—	1 153	—	—	—	—	—	1 153
	2002-2003	—	—	—	—	—	—	—	—	—	—	—
EEC Trust Fund for Technical Assistance Project for Electoral Law Reform in Lebanon	2004-2005	—	151	—	—	151	—	—	—	—	—	151
	2002-2003	—	—	—	—	—	—	—	—	—	—	—
EEC — Egypt FGM Free Village Model: Demonstration of Partnership	2004-2005	—	389	1	—	390	—	—	—	—	—	390
	2002-2003	—	—	—	—	—	—	—	—	—	—	—

Name of Trust Fund	Year	Fund balances as at 1 January[a]	Income: Trust Funds: Contributions	Income: Trust Funds: Other	Income: Sub-trust funds	Income: Total	Expenditure: Trust Funds: Project costs	Expenditure: Trust Funds: Other	Expenditure: Sub-trust funds[b]	Expenditure: Total	Refunds to donors and transfers to/from other funds — net	Fund balances as at 31 December[a]
EEC Trust Fund for Election Observation Mission to Lebanon	2004-2005	—	1 889	—	—	1 889	1 812	127	—	1 939	—	(50)
	2002-2003	—	—	—	—	—	—	—	—	—	—	—
EEC Trust Fund for Support to the Rule of Law and Security (ROLS) Programme for Somalia	2004-2005	—	3 265	3	—	3 268	1 377	88	—	1 465	—	1 803
	2002-2003	—	—	—	—	—	—	—	—	—	—	—
EEC Trust Fund for Financial Sector Development Project in Somalia	2004-2005	—	643	1	—	644	219	11	—	230	—	414
	2002-2003	—	—	—	—	—	—	—	—	—	—	—
EEC — Sudan Trust Fund for Support to the Joint Assessment Mission	2004-2005	—	342	—	—	342	212	41	—	253	—	89
	2002-2003	—	—	—	—	—	—	—	—	—	—	—
EEC — Sudan Trust Fund for Post-Conflict Community Based Recovery and Rehabilitation Programme	2004-2005	—	23 006	37	—	23 043	—	1 610	—	1 610	—	21 433
	2002-2003	—	—	—	—	—	—	—	—	—	—	—
EEC Support to Special Envoy for Gaza Withdrawal	2004-2005	—	1 424	—	—	1 424	1 064	5	—	1 069	—	355
	2002-2003	—	—	—	—	—	—	—	—	—	—	—
EEC Trust Fund for Secretariat Support Services for Coordination between the International Community and Somalia	2004-2005	—	571	1	—	572	7	—	—	7	—	565
	2002-2003	—	—	—	—	—	—	—	—	—	—	—
EEC Trust Fund for Mobilizing Palestinian Civil Society during Elections via UNDP/PAPP	2004-2005	—	247	—	—	247	—	—	—	—	—	247
	2002-2003	—	—	—	—	—	—	—	—	—	—	—
Total Fund Manager: UNDP Arab States	**2004-2005**	48 420	429 586	8 531	1 245	439 362	277 415	10 231	209	287 855	(6 442)	193 485
	2002-2003	37 825	364 549	1 265	14 723	380 537	349 477	12 151	7 595	369 223	(719)	48 420
Fund Manager: Office of Evaluation												
UNDP Trust Fund for Capacity Development Assessment	2004-2005	470	—	6	8	14	—	—	[illegible]	[illegible]	[illegible]	[illegible]
	2002-2003	3 896	—	[illegible]	19	[illegible]	—	—	2 828	2 828	(954)	470

			Income				Expenditure					
			Trust Funds				Trust Funds					
Name of Trust Fund	Year	Fund balances as at 1 January[a]	Contributions	Other	Sub-trust funds	Total	Project costs	Other	Sub-trust funds[b]	Total	Refunds to donors and transfers to/(from) other funds — net	Fund balances as at 31 December[c]
Germany Trust Fund for the Methodological Refinement to the SRF/ROAR Concepts	2004-2005	105	—	1	—	1	107	—	—	107	(1)	(2)
	2002-2003	305	—	5	—	5	72	115	—	187	(18)	105
Denmark Trust Fund for the Development Effectiveness Report 2002	2004-2005	79	—	4	—	4	6	—	—	6	—	77
	2002-2003	—	442	—	—	442	352	11	—	363	—	79
Norway Trust Fund for Evaluation Office of UNDP	2004-2005	—	317	5	—	322	317	25	—	342	—	(20)
	2002-2003	—	—	—	—	—	—	—	—	—	—	—
Total Fund Manager: Office of Evaluation	**2004-2005**	**654**	**317**	**16**	**8**	**341**	**430**	**25**	**3**	**458**	**(1 658)**	**(1 121)**
	2002-2003	**4 201**	**442**	**22**	**39**	**503**	**424**	**126**	**2 528**	**3 078**	**(972)**	**654**
Fund Manager: UNDP Geneva												
UNDP Trust Fund for Advocacy	2004-2005	430	730	19	—	749	708	38	—	746	—	433
	2002-2003	260	758	9	—	767	579	18	—	597	—	430
UNDP Trust Fund for Innovative Partnerships with National Governments, Local Authorities, Private Sector, NGOS, Academic Institutions and Foundations	2004-2005	—	1 576	24	—	1 600	55	—	—	55	—	1 545
	2002-2003	—	—	—	—	—	—	—	—	—	—	—
Total Fund Manager: UNDP Geneva	2004-2005	**430**	**2 306**	**43**	—	**2 349**	**763**	**38**	—	**801**	—	**1 978**
	2002-2003	**260**	**758**	**9**	—	**767**	**579**	**18**	—	**597**	—	**430**
Fund Manager: HDRO												
UNDP Trust Fund for Support to Analytical Capacity Building for Advocating Human Development	2004-2005	754	—	23	—	23	455	19	—	474	—	303
	2002-2003	921	1 081	13	—	1 094	1 201	60	—	1 261	—	754
Trust Fund to Mainstream Human Development into Operational Activities	2004-2005	458	—	16	—	16	90	16	—	106	—	368
	2002-2003	1 443	—	29	—	29	994	20	—	1 014	—	458
Total Fund Manager: HDRO	**2004-2005**	**1 212**	—	**39**	—	**39**	**545**	**35**	—	**580**	—	**671**
	2002-2003	**2 364**	**1 081**	**42**	—	**1 123**	**2 195**	**80**	—	**2 275**	—	**1 212**

Name of Trust Fund	Year	Fund balances as at 1 January[a]	Income				Expenditure				Refunds to donors and transfers to/from other funds — net	Fund balances as at 31 December[a]
			Trust Funds		Sub-trust funds	Total	Trust Funds		Sub-trust funds[c]	Total		
			Contributions	Other			Project costs	Other				
Fund Manager: OA/OSG												
UNDP Trust Fund for International Partnerships	2004-2005	1 411	308	(175)	26 325	26 458	269	16	18 501	18 786	(155)	8 928
	2002-2003	10 470	5	(45)	18 251	18 211	4	—	25 484	25 488	(1 782)	1 411
Total Fund Manager: OA/OSG	**2004-2005**	**1 411**	**308**	**(175)**	**26 325**	**26 458**	**269**	**16**	**18 501**	**18 786**	**(155)**	**8 928**
	2002-2003	**10 470**	**5**	**(45)**	**18 251**	**18 211**	**4**	**—**	**25 484**	**25 488**	**(1 782)**	**1 411**
Grand total	**2004-2005**	**602 849**	**1 883 578**	**27 048**	**488 315**	**2 398 941**	**1 321 592**	**77 087**	**450 677**	**1 849 356**	**(42 270)**	**1 110 164**
	2002-2003	**416 977**	**1 208 727**	**13 893**	**255 093**	**1 477 713**	**951 540**	**71 992**	**237 452**	**1 260 984**	**(30 857)**	**602 849**
					d	Statement 1.2			d	Statement 1.2		Statement 1.2

[a] Includes regular resources, cost-sharing, management service agreements, reimbursable support services where applicable.

[b] Includes UNDP support costs.

[c] Off-balance sheet items for information purposes only.

[d] Schedule 5.1.

The accompanying notes are an integral part of the financial statements.

United Nations Development Programme
Biennium 2004-2005

Schedule 5.1. Status of Sub-Trust Funds established by UNDP

Schedule of income, expenditure and fund balances for the biennium ended 31 December 2005

(Thousands of United States dollars)

		Income			*Expenditure*				
Name of Sub-Trust Fund	*Fund balances as at 1 January 2004*	*Contributions*	*Other*	*Total*	*Project costs*	*Other costs*	*Total*	*Refunds to donors and transfers to/from other funds — net*	*Fund balances as at 31 December 2005*
Fund Manager: BDP									
1. **Trust Fund to Combat Desertification and Drought (UNSO)**									
Donor: Sweden									
Integrated Afforestation Project in the Louga, Babel and Mbake Regions of Senegal	—	—	—	—	—	—	—	—	—
Donor: Sweden									
National Seed Procurement and Tree Improvement Project, Ethiopia	89	—	3	3	—	—	—	—	92
Donor: Belgium									
Support to Facilitate the Elaboration and the Implementation of National Action Programmes to Combat Desertification in affected African Country Parties	228	—	10	10	58	5	63	—	175
Donor: Norway									
Norway Programme Support to Affected Countries in the context of the Urgent Action for Africa under CCD	872	—	93	93	—	—	—	—	965

Name of Sub-Trust Fund	*Fund balances as at 1 January 2004*	*Income*			*Expenditure*			*Refunds to donors and transfers to/from other funds — net*	*Fund balances as at 31 December 2005*
		Contributions	*Other*	*Total*	*Project costs*	*Other costs*	*Total*		
Donor: Denmark									
Programme of Support to the Implementation under the Convention to Combat Desertification in Southern Africa	656	—	19	19	41	—	41	(566)	68
Subtotal	**1 845**	—	**125**	**125**	**99**	**5**	**104**	**(566)**	**1 300**
		Schedule 5.2			Schedule 5.2				Schedule 5.2
2. **Trust Fund for the Global Environmental Facility (GEF)**									
Donor: Australia									
South Pacific Biodiversity Conservation Programme	557	—	27	27	—	—	—	—	584
Donor: Charles Stewart Mott Foundation									
Strengthening and Promoting Environmental Funds	373	—	18	18	—	—	—	—	391
Donor: Denmark									
Municipal and Industrial Waste Project in Tanzania	(55)	—	—	—	—	—	—	—	(55)
Donor: The Summit Foundation									
Strengthening and Promoting Environmental Funds	65	—	3	3	—	—	—	—	68
Donor: McArthur Foundation									
Small Grants Programme	318	—	10	10	—	—	—	—	328
Donor: European Commission									
National Communication Support Programme	325	—	15	15	—	—	—	—	340

Name of Sub-Trust Fund	Fund balances as at 1 January 2004	Income			Expenditure			Refunds to donors and transfers to/from other funds — net	Fund balances as at 31 December 2005
		Contributions	Other	Total	Project costs	Other costs	Total		
Donor: European Commission									
Small Grants Programme for Operation to Control Tropical Forest	1 366	8 923	58	8 981	6 445	3	6 448	—	3 899
Subtotal	**2 949**	**8 923**	**131**	**9 054**	**6 445**	**3**	**6 448**	—	**5 555**
		Schedule 5.2			Schedule 5.2				Schedule 5.2
3. **Multilateral Fund for the Implementation of the Montreal Protocol**									
Donor:									
Conversion from CFC-11 to Water-blown Technology in the Manufacture of Flexible Molded Polyurethane Foam at Flexo Foam P Ltd	(5)	16		16	—	—	—	—	11
Donor:									
Conversion from CFC-11 to Water-blown Technology in the Manufacture of Flexible Molded Polyurethane Foam at Malvika Polymers	(3)	16		16	2	—	2	—	11
Trust Fund between the Government of the Kingdom of Belgium and the UNDP for the Phaseout of CFC-11 by Conversion to HCFC-141b Technology in the Manufacture of Rigid Polyurethane Foam at Quimica Andina in Bolivia	108	—	2	2	—	—	—	(110)	—

Name of Sub-Trust Fund	Fund balances as at 1 January 2004	Income			Expenditure			Refunds to donors and transfers to/from other funds — net	Fund balances as at 31 December 2005
		Contributions	Other	Total	Project costs	Other costs	Total		
Donor:									
Conversion from CFC-11 to Water-blown Technology in the Manufacture of Flexible Molded Polyurethane Foam to Oto Industries P Ltd.	(5)	14	—	14	1	—	1	—	8
Donor:									
Conversion from CFC-11 to Water-blown Technology in the Manufacture of Flexible Molded Polyurethane Foam at Sutlej Coach Products P Ltd.	(6)	16	—	16	—	—	—	—	10
Donor: USA									
Global Interregional Demonstration Project in Recovery Recycling of ODS in Mobile Air-conditioning	65	—	3	3	—	—	—	—	68
Donor: Denmark and U.S. Environmental Protection Agency									
Establishment of a CFC Recycling Centre at Zheijang Dongyang Chemical Factory	99	—	5	5	(11)	—	(11)	—	115
Donor: SIDA									
Sweden — Technology Transfer/Demonstration and Contribution to Sectoral Funding Strategy for Phasing out ODS Consumption in the Solvent Sector in China	—	—	—	—	—	—	—	—	—

Name of Sub-Trust Fund	Fund balances as at 1 January 2004	Income			Expenditure			Refunds to donors and transfers to/from other funds — net	Fund balances as at 31 December 2005
		Contributions	Other	Total	Project costs	Other costs	Total		
Donor:									
Project Preparation Assistance for the Elimination of ODS (CFC-113 and TCA) used in the Production Lines of Liquid Crystal and TV Picture Tube Enterprises in Guangdong Province, China	45	—	2	2	—	—	—	—	47
Donor: Japan									
Phasing out of CFC-11 in the Manufacture of flexible Slabstock Foam at Eastern Wrought Iron Limited by Conversion to Methylene Chloride	38	—	2	2	—	—	—	—	40
Donor:									
Phasing out of CFC-11 in the Manufacture of flexible Slabstock Foam at Martchem Industries Limited by Conversion to Methylene Chloride	16	—	1	1	—	—	—	—	17
Donor:									
Phasing out of CFC-11 in the Manufacture of flexible Slabstock Foam at Mac-Vico (Nigeria) Limited by Conversion to Methylene Chloride	10	—	—	—	—	—	—	—	10
Donor: Germany									
Elimination of CFCs 11 and 12 in the Manufacture of the Domestic and Commercial Refrigeration Equipment, etc. at AZKZON Refrigeration	115	—	7	7	(2)	—	(2)	(98)	26

		Income			*Expenditure*				
Name of Sub-Trust Fund	*Fund balances as at 1 January 2004*	*Contributions*	*Other*	*Total*	*Project costs*	*Other costs*	*Total*	*Refunds to donors and transfers to/from other funds — net*	*Fund balances as at 31 December 2005*
Industries, Inc									
Donor: Various									
Montreal Protocol Bilateral Fund	—	6 312	835	7 147	1 917	54	1 971	—	5 176
Subtotal	**477**	**6 374**	**857**	**7 231**	**1 907**	**54**	**1 961**	**(208)**	**5 539**
		Schedule 5.2			Schedule 5.2				Schedule 5.2
4. Capacity "21" Trust Fund									
Donor: Netherlands									
Support to Country Capacity for National Forest Action Programme	298	—	14	14	—	—	—	—	312
Donor: European Economic Community									
Integrated Pollution Control in Aleppo (Syria) Training and Consultancy Package	31	—	—	—	(1)	—	(1)	—	32
Subtotal	**329**	—	**14**	**14**	**(1)**	—	**(1)**	—	**344**
		Schedule 5.2			Schedule 5.2				Schedule 5.2
5. UNDP Energy Account									
Donor: Poland									
Inter-energy Efficient Training Programme	—	—	—	—	—	—	—	—	—
Subtotal	—	—	—	—	—	—	—	—	—
		Schedule 5.2			Schedule 5.2				Schedule 5.2
6. Enhancement of Private Sector Role in Development									
Donor: Non-Governmental Organization									
Development of a Standard Deep-well Handpump for Use in Developing Countries	—	—	—	—	—	—	—	—	—
Subtotal	—	—	—	—	—	—	—	—	—

Name of Sub-Trust Fund	Fund balances as at 1 January 2004	Income			Expenditure			Refunds to donors and transfers to/from other funds — net	Fund balances as at 31 December 2005
		Contributions	Other	Total	Project costs	Other costs	Total		
7. **UNDP Trust Fund for Public-Private Partnerships for the Urban Environment**									
Donor: United Kingdom									
Public-Private Partnership for Urban Environment	757	647	37	684	909	27	936	—	505
Subtotal	**757**	**647**	**37**	**684**	**909**	**27**	**936**	**—**	**505**
8. **Trust Fund for the Follow-up Activities to the World Summit on Social Development (WSSD) — phase II**									
Donor: Belgium									
Trust Fund for Follow-up Activities to the World Summit on Social Development (WSSD II)	1 016	—	24	24	1 033	71	1 104	130	66
Subtotal	**1 016**	**—**	**24**	**24**	**1 033**	**71**	**1 104**	**130**	**66**
9. **Integrated Framework Trust Fund (IFTF) for Trade-related Technical Assistance to Least Developed Countries — Window I**									
Donor: Belgium									
Belgium STF for the Integrated Framework for Trade-related Technical Assistance to Least Developed Countries (IFTF)	693	—	23	23	—	—	—	—	716
Subtotal	**693**	**—**	**23**	**23**	**—**	**—**	**—**	**—**	**716**

Name of Sub-Trust Fund	Fund balances as at 1 January 2004	Income			Expenditure			Refunds to donors and transfers to/from other funds — net	Fund balances as at 31 December 2005
		Contributions	Other	Total	Project costs	Other costs	Total		
10. UNDP Thematic Trust Fund on HIV/AIDS									
Donor: Various									
Advocacy for strong leadership at all levels, coalition-building and national policy dialogue for an effective response to HIV/AIDS	—	—	—	—	42	—	42	44	2
Donor: Various									
Capacity development, planning, management, implementation and decentralization of multisectoral and gender-sensitive national HIV/AIDS programmes	—	—	(155)	(155)	1 978	148	2 126	2 333	52
Donor: Various									
Integrating HIV/AIDS into mainstream development planning, poverty reduction strategies, and budget allocation processes	(2)	—	—	—	—	—	—	—	(2)
Donor: Various									
Promotion of human rights as a normative and ethical framework for the response to HIV/AIDS, including legal reform	1	—	1	1	22	—	22	119	99
Donor: Various									
Use of multimedia technology for large-scale information and awareness-raising interventions	(1)	—	—	—	—	—	—	1	—

Name of Sub-Trust Fund	Fund balances as at 1 January 2004	Income			Expenditure			Refunds to donors and transfers to/from other funds — net	Fund balances as at 31 December 2005
		Contributions	Other	Total	Project costs	Other costs	Total		
Donor: Various									
Country Office Initiatives	(142)	188	—	188	11	—	11	—	35
Subtotal	**(144)**	**188**	**(154)**	**34**	**2 053**	**148**	**2 201**	**2 497**	**186**
11. UNDP Thematic Trust Fund on Information and Communication Technology (ICT)									
Donor: Various									
Strategy Implementation and Capacity Development	—	—	—	—	226	1	227	234	7
Donor: Various									
Digital Grants Initiative	—	—	—	—	111	—	111	111	—
Donor: Various									
National Awareness, Promotion and Stakeholder Campaigns	—	—	—	—	(9)	—	(9)	—	9
Donor: Various									
National and Regional ICT for Development Strategies	—	—	—	—	197	3	200	202	2
Donor: Various									
ICT for Democratic Governance	1	—	—	—	319	—	319	353	35
Donor: Various									
Country Office Initiatives		—	27	27	1 342	41	1 383	1 801	445
Subtotal	**1**	**—**	**27**	**27**	**2 186**	**45**	**2 231**	**2 701**	**498**
12. UNDP Thematic Trust Fund for Democratic Governance									
Donor: Various									
Decentralization and Local Governance	(1)	730	—	730	4 700	—	4 700	4 324	353

Name of Sub-Trust Fund	Fund balances as at 1 January 2004	Income			Expenditure			Refunds to donors and transfers to/from other funds — net	Fund balances as at 31 December 2005
		Contributions	Other	Total	Project costs	Other costs	Total		
Donor: Various									
Access to Information	(2)	3 002	99	3 101	1 817	30	1 847	—	1 252
Donor: Various									
Public Administration and Civil Service Reform	—	—	—	—	2 758	—	2 758	3 152	394
Donor: Various									
Country Office Initiatives	3 923	8 285	131	8 416	10 983	304	11 287	1 166	2 218
Donor: Various									
Legislatures	(1)	—	—	—	1 625	16	1 641	1 830	188
Donor: Various									
Electoral Systems and Processes	—	—	—	—	2 313	25	2 338	2 604	266
Donor: Various									
Access to Justice and Human Rights	—	(28)	(3)	(31)	9 082	70	9 152	9 526	343
Subtotal	**3 919**	**11 989**	**227**	**12 216**	**33 278**	**445**	**33 723**	**22 602**	**5 014**
13. UNDP Thematic Trust Fund on Energy for Sustainable Development									
Donor: Various									
Increasing Access to Investment Financing for Sustainable Energy	—	—	1	1	95	(1)	94	95	2
Donor: Various									
Strengthening National Policy Frameworks to Support Energy for Poverty Reduction and Sustainable Development	—	733	5	738	585	6	591	329	476

Name of Sub-Trust Fund	Fund balances as at 1 January 2004	Income			Expenditure			Refunds to donors and transfers to/from other funds — net	Fund balances as at 31 December 2005
		Contributions	Other	Total	Project costs	Other costs	Total		
Donor: Various									
Promoting Rural Energy Services to Support Growth and Equity	—	16	—	16	2 125	24	2 149	2 191	58
Donor: Various									
Promoting Clean Energy Technologies for Sustainable Development	—	—	—	—	749	—	749	840	91
Donor: Various									
Country Office Initiatives	—	3 387	24	3 411	1 132	29	1 161	505	2 755
Subtotal	—	**4 136**	**30**	**4 166**	**4 686**	**58**	**4 744**	**3 960**	**3 382**
14. UNDP Thematic Trust Fund on Poverty Reduction for Sustainable Development									
Donor: Various									
Piloting and Innovation	1	443	—	443	649	15	664	393	173
Donor: Various									
Benchmarking and Monitoring Poverty	(1)	93	(6)	87	1 490	13	1 503	1 498	81
Donor: Various									
Participatory Processes	(2)	—	2	2	107	—	107	238	131
Donor: Various									
Pro-poor Policy Reforms	—	1 401	—	1 401	3 868	51	3 919	3 582	1 064
Donor: Various									
Country Office Initiatives	235	—	11	11	241	17	258	222	210
Subtotal	**233**	**1 937**	**7**	**1 944**	**6 355**	**96**	**6 451**	**5 933**	**1 659**
15. UNDP Thematic Trust Fund on Gender									
Donor: Various									

		Income			*Expenditure*				
Name of Sub-Trust Fund	*Fund balances as at 1 January 2004*	*Contributions*	*Other*	*Total*	*Project costs*	*Other costs*	*Total*	*Refunds to donors and transfers to/from other funds — net*	*Fund balances as at 31 December 2005*
Engendering Institutions	—	—	3	3	2 335	—	2 335	2 765	433
Donor: Various									
Country Office Initiatives	—	—	—	—	—	—	—	—	—
Donor: Various									
Engendering Policy	—	—	1	1	870	9	879	1 031	153
Donor: Various									
Engendering Legal Frameworks	—	—	—	—	—	—	—	—	—
Donor: Various									
Engendering Indicators and Methodologies	—	—	—	—	—	—	—	—	—
Subtotal	—	—	**4**	**4**	**3 205**	**9**	**3 214**	**3 796**	**586**
16. UNDP Thematic Trust Fund on Environment									
Donor: Various									
Strengthening Local Environment Governance	—	—	—	—	—	—	—	—	—
Donor: Various									
Addressing Global and Regional Environmental challenges	—	516	10	526	560	11	571	334	289
Donor: Various									
Country Office Initiatives	—	—	—	—	—	—	—	—	—
Donor: Various									
Integrating Environment in National Development Frameworks	—	—	—	—	—	—	—	—	—
Subtotal	—	**516**	**10**	**526**	**560**	**11**	**571**	**334**	**289**

Name of Sub-Trust Fund	Fund balances as at 1 January 2004	Income			Expenditure			Refunds to donors and transfers to/from other funds — net	Fund balances as at 31 December 2005
		Contributions	Other	Total	Project costs	Other costs	Total		
17. Integrated Framework Trust Fund (IFTF) for Trade-related Technical Assistance to Least Developed Countries — Window II									
Donor: Various									
Integrated Framework for Trade-related Technical Assistance to Least Developed Countries — Window II	—	12 897	295	13 192	2 508	3	2 511	2 375	13 056
Subtotal	—	**12 897**	**295**	**13 192**	**2 508**	**3**	**2 511**	**2 375**	**13 056**
Fund Manager: UNDP Africa									
18. UNDP Trust Fund for Angola									
Donor: Various									
Support to the Reintegration of Demobilized Soldiers	869	—	44	44	—	—	—	—	913
Donor: Non-Governmental Organization									
AMOCO agreement in Support of Ambritz Fisheries Project	40	—	2	2	—	—	—	—	42
Donor: Various									
Vocational Training and Micro-Enterprise Promotion for Demobilized Soldiers	1 902	—	53	53	—	—	—	(1 056)	899
Donor: Various									
Support to the Development of a National Mine Clearance and Awareness Capacity	(332)	—	—	—	—	—	—	331	(1)

Name of Sub-Trust Fund	Fund balances as at 1 January 2004	Income			Expenditure			Refunds to donors and transfers to/from other funds — net	Fund balances as at 31 December 2005
		Contributions	Other	Total	Project costs	Other costs	Total		
Donor: United Nations									
Support to the Development of a National Mine Clearance Capacity	166	—	5	5	—	—	—	(168)	3
Donor: EEC									
Trust Fund for Support to the Reintegration of Demobilized Soldiers in Angola	377	—	19	19	—	—	—	—	396
Subtotal	**3 022**	—	**123**	**123**	—	—	—	**(893)**	**2 252**
19. UNDP Trust Fund for Rwanda									
Donor: The Netherlands									
Special Window Resettlement	(6)	—	—	—	(6)	—	(6)	—	—
Donor: Ireland									
Housing for Widows and Women	(13)	—	—	—	(13)	—	(13)	—	—
Donor: Switzerland/ United Kingdom/Sweden/ Austria/Norway									
The Rwanda Demobilization and Reintegration Programme	787	—	13	13	581	—	581	—	219
Donor: Ireland/The Netherlands									
Rwanda Reintegration Umbrella Project	(117)	—	—	—	(118)	—	(118)	—	1
Donor: Ireland									
Communal Policies Phase III	(110)	—	—	—	(110)	—	(110)	—	—
Donor: NGO (ACDI/ VOCA)/USA									
Food Monetization	533	—	9	9	—	—	—	—	542
Donor: The Netherlands									
Special Window for Women	1	—	—	—	—	—	—	—	3

Name of Sub-Trust Fund	Fund balances as at 1 January 2004	Income			Expenditure			Refunds to donors and transfers to/from other funds — net	Fund balances as at 31 December 2005
		Contributions	Other	Total	Project costs	Other costs	Total		
Donor: Switzerland									
Support to the Judiciary Sector	170	—	3	3	—	—	—	—	173
Donor: Finland									
Support for the Rehabilitation of the Justice System	9	—	—	—	—	—	—	—	9
Donor: Norway									
Training Center for Drivers of Heavy Duty Cars	(449)	—	—	—	(449)	—	(449)	—	—
Donor: Japan									
Civic Education and Communication Programme	18	—	—	—	—	—	—	—	18
Donor: Italy									
Support to Health Sector at Umutara Prefecture	278	—	4	4	132	—	132	—	150
Donor: The Netherlands									
Support to the Screening Commissions and to the Prisons	158	—	9	9	—	—	—	—	167
Donor: Canada									
Support to the Social Integration of Young Unaccompanied and Unemployed Urban Youth	(66)	—	—	—	(65)	—	(65)	—	(1)
Donor: The Netherlands									
Rwanda Communal Police Force, Phase III	(392)	—	—	—	(392)	—	(392)	—	—

		Income			*Expenditure*				
Name of Sub-Trust Fund	*Fund balances as at 1 January 2004*	*Contributions*	*Other*	*Total*	*Project costs*	*Other costs*	*Total*	*Refunds to donors and transfers to/from other funds — net*	*Fund balances as at 31 December 2005*
Donor: Sweden									
Capacity Building for Arrest Procedures, Detentions and Transfers of Detainees with Communal Police of Rwanda	—	—	—	—	—	—	—	—	—
Subtotal	**803**	**—**	**38**	**38**	**(440)**	**—**	**(440)**	**—**	**1 281**
		Schedule 5.2			Schedule 5.2				Schedule 5.2
20. UNDP/NORWAY Trust Fund for Assistance to the Electoral Process in Mozambique									
Donor: Switzerland									
Trust Fund for Assistance to Local Elections in Mozambique	59	—	2	2	—	—	—	—	61
Donor: European Union									
Trust Fund for Assistance to Local Elections in Mozambique	461	—	23	23	—	—	—	—	484
Donor: Sweden									
Trust Fund for Assistance to Local Elections in Mozambique	579	—	28	28	—	—	—	—	607
Subtotal	**1 099**	**—**	**53**	**53**	**—**	**—**	**—**	**—**	**1 152**
21. UNDP Trust Fund for the Mozambique Mine Clearance Programme									
Donor: Sweden									
Trust Fund for Accelerated Demining Programme in Mozambique	—	—	—	—	—	—	—	—	—

Name of Sub-Trust Fund	Fund balances as at 1 January 2004	Income			Expenditure			Refunds to donors and transfers to/from other funds — net	Fund balances as at 31 December 2005
		Contributions	Other	Total	Project costs	Other costs	Total		
Donor: Denmark									
Mine Clearance and Bush Clearance in Preparation for Transmission Lines in Gaza and Inhambane	—	—	—	—	—	—	—	—	—
Donor: Sweden									
Trust Fund on Technical Assistance to the National Mine Clearance Commission	—	—	—	—	—	—	—	—	—
Subtotal	—	—	—	—	—	—	—	—	—
22. UNDP Trust Fund to Support the Peace Process in North Mali									
Donor: Belgium									
Trust Fund in Support of the Peace Process in North Mali	348	—	11	11	—	—	—	—	359
Subtotal	**348**	—	**11**	**11**	—	—	—	—	**359**
23. UNDP Trust Fund for the UN Educational and Training Programme for Southern Africa (UNETPSA)									
Donor: Italy									
Programme for Human Resources Development	1 124	—	55	55	—	—	—	—	1 179
Subtotal	**1 124**	—	**55**	**55**	—	—	—	—	**1 179**

Name of Sub-Trust Fund	Fund balances as at 1 January 2004	Income			Expenditure			Refunds to donors and transfers to/from other funds — net	Fund balances as at 31 December 2005
		Contributions	Other	Total	Project costs	Other costs	Total		
24. UNDP Trust Fund to Combat Poverty and Hunger in Africa									
Donor: Italy									
Ethiopia-Italy Programme Rehabilitation and Development (EIPRD)	1 344	—	65	65	—	—	—	—	1 409
Subtotal	**1 344**	**—**	**65**	**65**	**—**	**—**	**—**	**—**	**1 409**
25. UNDP Trust Fund to Support Governance in Africa									
Donor: Canada									
Trust Fund for Security and Development in West Africa	—	—	—	—	—	—	—	—	—
Subtotal	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
26. UNDP Trust Fund for Guinea-Bissau									
Donor: EEC									
Trust Fund for Support to Parliamentary and Presidential Elections in Guinea-Bissau	(1 786)	—	—	—	—	—	—	—	(1 786)
Subtotal	**(1 786)**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**(1 786)**
27. UNDP Trust Fund for Specific Projects and Programmes for OHADA									
Donor: Belgium									
Sub-trust Fund in Support of OHADA Programme	282	—	9	9	(3)	—	(3)	—	294
Donor: Canada									
Sub-trust Fund in Support of OHADA Programme	—	—	—	—	—	—	—	—	—

		Income			Expenditure				
Name of Sub-Trust Fund	*Fund balances as at 1 January 2004*	*Contributions*	*Other*	*Total*	*Project costs*	*Other costs*	*Total*	*Refunds to donors and transfers to/from other funds — net*	*Fund balances as at 31 December 2005*
Donor: France									
Support of the Activities of Ecole Regional Supérieure de la Magistrature (ERSUMA)	(15)	—	—	—	—	—	—	—	(15)
Subtotal	**267**	**—**	**9**	**9**	**(3)**	**—**	**(3)**	**—**	**279**
28. UNDP Trust Fund for Support to UN Country Team's Humanitarian Assistance and Recovery Programme (HARP) in Zimbabwe									
Donor: United Kingdom									
Support to UN Country Team's Humanitarian Assistance and Recovery Programme (HARP) in Zimbabwe	3 706	—	182	182	—	—	—	—	3 888
Subtotal	**3 706**	**—**	**182**	**182**	**—**	**—**	**—**	**—**	**3 888**
29. UNDP Trust Fund for Community Assistance and Sustainable Reinstallation in Burundi									
Donor: Switzerland									
Support to the Community Assistance Umbrella Programme (CAUP) in Burundi	670	—	20	20	475	24	499	—	191
Subtotal	**670**	**—**	**20**	**20**	**475**	**24**	**499**	**—**	**191**
30. Support to Burundi elections process									
Donor: Belgium									
Support to the Electoral Process in Burundi		2 676	—	2 676	2 516	126	2 642	—	34

Name of Sub-Trust Fund	*Fund balances as at 1 January 2004*	*Income*			*Expenditure*			*Refunds to donors and transfers to/from other funds — net*	*Fund balances as at 31 December 2005*
		Contributions	*Other*	*Total*	*Project costs*	*Other costs*	*Total*		
Subtotal	—	**2 676**	—	**2 676**	**2 516**	**126**	**2 642**	—	**34**

Name of Sub-Trust Fund	Fund balances as at 1 January 2004	Income			Expenditure			Refunds to donors and transfers to/from other funds — net	Fund balances as at 31 December 2005
		Contributions	Other	Total	Project costs	Other costs	Total		
31. African Peer Review Mechanism of the New Partnership for Africa's Development (NEPAD)									
Donor: Belgium									
Sub-trust Fund for the African Peer Review Mechanism of the New Partnership for Africa's Development (NEPAD)	—	858	—	858	816	42	858	—	—
Subtotal	—	**858**	—	**858**	**816**	**42**	**858**	—	—
Fund Manager: UNDP Asia/Pacific									
32. UNDP Trust Fund for Humanitarian and Rehabilitation Assistance for Cambodia									
Donor: Sweden									
UNDP/Sweden for the Rehabilitation of Infrastructure in Cambodia	—	—	—	—	—	—	—	—	—
Donor: The Netherlands									
UNDP/Netherlands Trust Fund for Cambodia	—	—	—	—	—	—	—	—	—
Donor: USA									
UNDP/USA Trust Fund for Cambodia	2	—	—	—	—	—	—	—	2
Subtotal	**2**	—	—	—	—	—	—	—	**2**

Name of Sub-Trust Fund	Fund balances as at 1 January 2004	Income			Expenditure			Refunds to donors and transfers to/from other funds — net	Fund balances as at 31 December 2005
		Contributions	Other	Total	Project costs	Other costs	Total		
33. UNDP Trust Fund for Capacity Building in Demining Operations for Cambodia									
Donor: Japan									
Phnom Penh International Workshop on Demining and Victim Assistance	1 056	1 236	40	1 276	5 235	47	5 282	3 050	100
Donor: Belgium									
Sub-trust Fund for Support to Capacity Building in Demining Operations in Cambodia	458	—	10	10	1 004	—	1 004	547	11
Subtotal	**1 514**	**1 236**	**50**	**1 286**	**6 239**	**47**	**6 286**	**3 597**	**111**
34. UNDP Trust Fund for Support to Local and National Elections in Cambodia									
Donor: Sweden									
Support for Local Elections in Cambodia	—	—	—	—	—	—	—	—	—
Subtotal	—	—	—	—	—	—	—	—	—
35. UNDP/Lao PDR Trust Fund for Clearance of Unexploded Ordnance (UXO)									
Donor: Norway									
Strengthening of Environmental Legislation	90	—	3	3	81	2	83	—	10
Donor: Denmark									
Clearance of Unexploded Ordnance Strengthening of Environmental Legislation	2 957	—	124	124	1 168	38	1 206	(7)	1 868
Subtotal	**3 047**	—	**127**	**127**	**1 249**	**40**	**1 289**	**(7)**	**1 878**

		Income			Expenditure				
Name of Sub-Trust Fund	*Fund balances as at 1 January 2004*	*Contributions*	*Other*	*Total*	*Project costs*	*Other costs*	*Total*	*Refunds to donors and transfers to/from other funds — net*	*Fund balances as at 31 December 2005*
36. Law and Order Trust Fund for Afghanistan									
Donor: Belgium									
Law and Order Sub-trust Fund for Afghanistan	—	713	—	713	691	21	712	—	1
Subtotal	**—**	**713**	**—**	**713**	**691**	**21**	**712**	**—**	**1**
37. UNDP/East Timor Special Fund for Former Indonesian Government Employees									
Donor: Australia									
Special Fund for Former Indonesian Government Employees	(4 996)	150	—	150	(4 846)	—	(4 846)	—	—
Subtotal	**(4 996)**	**150**	**—**	**150**	**(4 846)**	**—**	**(4 846)**	**—**	**—**
Fund Manager: UNDP Europe and CIS									
38. UNDP Trust Fund for Mine Clearance In Bosnia and Herzegovina									
Donor: UNA/USA									
Adopt-a-Minefield Trust Fund in Bosnia and Herzegovina	—	—	—	—	—	—	—	—	—
Donor: Italy									
Trust Fund for Mine Clearance in Bosnia and Herzegovina	—	—	3	3	—	—	—	—	3
Donor: Canada									
Support to the Bosnia and Herzegovina Mine Action Centre (BHMAC) and the Entity Mine Action Centres	—	—	2	2	—	—	—	—	2

Name of Sub-Trust Fund	*Fund balances as at 1 January 2004*	*Income*			*Expenditure*			*Refunds to donors and transfers to/from other funds — net*	*Fund balances as at 31 December 2005*
		Contributions	*Other*	*Total*	*Project costs*	*Other costs*	*Total*		
Donor: The Netherlands									
Support to the Bosnia De-mining Programme (UN Consolidated Inter-Agency Appeal for the former Yugoslavia)	—	—	1	1	—	—	—	—	1
Donor: Department of Peacekeeping Operations (DPKO) UN									
Support to the Mine Action Programme of Bosnia and Herzegovina	—	—	—	—	—	—	—	—	—
Donor: Sweden									
Support to the Mine Clearance Programme in Bosnia and Herzegovina	—	—	—	—	—	—	—	—	—
Donor: Germany									
Trust Fund for Mine Clearance in Bosnia and Herzegovina	—	—	—	—	—	—	—	—	—
Donor: UNHCR									
Demining to facilitate the return of refugees	—	—	—	—	—	—	—	—	—
Donor: Slovenia									
International Trust Fund for Demining and Mine Victim's Assistance in Bosnia and Herzegovina	—	—	—	—	—	—	—	—	—
Subtotal	—	—	**6**	**6**	—	—	—	—	**6**

Name of Sub-Trust Fund	Fund balances as at 1 January 2004	Income			Expenditure			Refunds to donors and transfers to/from other funds — net	Fund balances as at 31 December 2005
		Contributions	Other	Total	Project costs	Other costs	Total		
Fund Manager: BOM									
39. UNDP 2001 Trust Fund									
Donor: Norway									
Support of UNDP 2001 Trust Fund	224	—	11	11	—	—	—	—	235
Subtotal	**224**	**—**	**11**	**11**	**—**	**—**	**—**	**—**	**235**
Fund Manager: BCPR									
40. UNDP Trust Fund for Support to Prevention and Reduction of the Proliferation of Small Arms									
Donor: Belgium									
Support of the Programme for Addressing Disarmament Demobilization and Durable Solutions and Small Arms Proliferation in the Great Lakes	—	—	—	—	—	—	—	—	—
Subtotal	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
41. UNDP Trust Fund for Crisis Post-conflict and Recovery Situations									
Donor: Various									
UN Afghan Interim Authority Fund	—	—	—	—	—	—	—	—	—
Subtotal	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
42. UNDP Thematic Trust Fund for Crisis Prevention and Recovery									
Donor: Various									
CPR Mine Action	13 455	55 083	265	55 348	50 960	1 403	52 363	5 170	21 610

Name of Sub-Trust Fund	Fund balances as at 1 January 2004	Income			Expenditure			Refunds to donors and transfers to/from other funds — net	Fund balances as at 31 December 2005
		Contributions	Other	Total	Project costs	Other costs	Total		
Donor: Various									
CPR — Justice and Security Sector Reform	1 344	2 111	82	2 193	2 565	68	2 633	1 852	2 756
Donor: Various									
CPR — Special Initiatives	440	16 613	(29)	16 584	14 398	712	15 110	733	2 647
Donor: Various									
CPR — Country Office Initiative	36 174	286 888	5 118	292 006	225 916	12 421	238 337	16 222	106 065
Donor: Various									
CPR — Practice Development and Knowledge Network	3 075	5 631	223	5 854	4 083	59	4 142	—	4 787
Donor: Various									
CPR — Conflict Prevention and Peace-Building Strategies	3 140	5 819	141	5 960	7 919	202	8 121	919	1 898
Donor: Various									
CPR — Transition Recovery	33 972	3 769	1 508	5 277	7 165	156	7 321	(24 732)	7 196
Donor: Various									
CPR — Natural Disaster Reduction	2 195	8 239	222	8 461	5 887	493	6 380	109	4 385
Donor: Various									
CPR — Small Arms Reduction, Disarmament and Demobilization of Ex-combatants	13 090	9 626	499	10 125	16 831	435	17 266	3 919	9 868
Subtotal	**106 885**	**393 779**	**8 029**	**401 808**	**335 724**	**15 949**	**351 673**	**4 192**	**161 212**

Name of Sub-Trust Fund	Fund balances as at 1 January 2004	Income Contributions	Income Other	Income Total	Expenditure Project costs	Expenditure Other costs	Expenditure Total	Refunds to donors and transfers to/from other funds — net	Fund balances as at 31 December 2005
43. UNDP Trust Fund for Sustainable Social Development, Peace and Support to Countries in Special Situations									
1Sub-Trust Fund									
UNDP Trust Fund for Sustainable Social Development, Peace and Support to Countries in Special Situations	—	—	—	—	—	—	—	—	—
Subtotal	—	—	—	—	—	—	—	—	—
Fund Manager: BRSP									
44. UNDP Millennium Trust Fund									
Donor: Netherlands									
Sub-trust Fund for Millennium Development Goals	2 923	1 908	86	1 994	4 651	233	4 884	—	33
Donor: Bill & Melinda Gates Foundation									
Sub-trust Fund for Support to the Millennium Trust Fund	986	1 258	30	1 288	2 008	205	2 213	—	61
Subtotal	**3 909**	**3 166**	**116**	**3 282**	**6 659**	**438**	**7 097**	—	**94**
Fund Manager: UNDP Arab States									
45. UNDP Trust Fund for Somalia									
Donor: Sweden	—	—	—	—	—	—	—	—	—
Trust Fund on Support to UN Appeal for Somalia	—	—	—	—	—	—	—	—	—
Subtotal	—	—	—	—	—	—	—	—	—

Name of Sub-Trust Fund	*Fund balances as at 1 January 2004*	*Income*			*Expenditure*			*Refunds to donors and transfers to/from other funds — net*	*Fund balances as at 31 December 2005*
		Contributions	*Other*	*Total*	*Project costs*	*Other costs*	*Total*		
46. UNDP Fund for the Programme of Assistance to the Palestinian People									
Donor: Norway									
Sub-trust Fund for the Project "Urgent Support to the Health Sector"	67	—	3	3	—	—	—	—	70
Donor: Norway									
Sub-trust Fund for the Project "Emergency Job Creation in the Hebron District"	31	—	1	1	—	—	—	—	32
Donor: Norway									
Sub-trust Fund for the Project "Emergency Job Creation in the Gaza Strip"	608	—	29	29	—	—	—	—	637
Palestinian Liberation Organization (PLO) for the Project "Participatory Natural Resources Management Programme"	467	—	22	22	—	—	—	—	489
Donor: EEC									
Local Rural Development in Palestine	4 314	—	204	204	—	—	—	—	4 518
Donor: Japan									
Endowment Fund	(365)	185	1	186	—	—	—	287	108
Donor: WHO									
Palestinian Brucellosis Control Programme (Veterinary Component)	148	—	7	7	—	—	—	—	155
Donor: CIDA									
Palestinian Water Resources Action Programme	98	—	5	5	—	—	—	—	103

Name of Sub-Trust Fund	Fund balances as at 1 January 2004	Income			Expenditure			Refunds to donors and transfers to/from other funds — net	Fund balances as at 31 December 2005
		Contributions	Other	Total	Project costs	Other costs	Total		
Donor: Sweden									
Rehabilitation of Youth Centres in the West Bank	—	—	—	—	—	—	—	—	—
Donor: Argentina									
Trust Fund for Brucellosis Control Programme in the Occupied Territories	(208)	—	—	—	—	—	—	211	3
Donor: Sweden									
Rehabilitation of Women and Youth Centres in Hebron Districts	—	—	—	—	—	—	—	—	—
Donor: Sweden									
Rehabilitation of Small-Scale Infrastructure using Labour-Intensive Methods in Village Councils of the Gaza Strip	—	—	—	—	—	—	—	—	—
Donor: Sweden									
Support to the Rehabilitation of Prime Zone in the Old City of Bethlehem	156	—	7	7	—	—	—	—	163
Donor: Spain									
Trust Fund for Brucellosis Control Programme in the Occupied Territories	475	—	22	22	—	—	—	—	497
Donor: Denmark									
Integrated Water Resources Management and Planning	501	—	24	24	—	—	—	—	525
Donor: CIDA									
UNDP/CIDA Trust Fund for Non-formal Education: Youth Centres	39	—	2	2	—	—	—	—	41

Name of Sub-Trust Fund	Fund balances as at 1 January 2004	Income: Contributions	Income: Other	Income: Total	Expenditure: Project costs	Expenditure: Other costs	Expenditure: Total	Refunds to donors and transfers to/from other funds — net	Fund balances as at 31 December 2005
Donor: Sweden									
Support to the Employment Generation Programme in Gaza	—	—	—	—	—	—	—	—	—
Donor: Swede									
Development of Youth and Women Centres in Poor Areas of the Gaza Strip	—	—	—	—	—	—	—	—	—
Donor: Norway									
Employment Generation in the Fields of Municipal, Youth and Public Infrastructure in the Gaza Strip	—	—	—	—	—	—	—	—	—
Donor: Norway									
Employment Generation in the Fields of Municipal, Youth and Health Infrastructure in the Gaza Strip	18	—	1	1	—	—	—	—	19
Donor: Islamic Development Bank									
Rehabilitation of Health, Education and Municipal Infrastructure in the West Bank and Gaza Strip	4 819	—	228	228	—	—	—	—	5 047
Donor: Norway									
Employment Generation in the Fields of Municipal Youth and Public Infrastructure in the Gaza Strip	19	—	1	1	—	—	—	—	20
Subtotal	**11 187**	**185**	**557**	**742**	—	—	—	**498**	**12 427**
		Schedule 5.2			Schedule 5.2				Schedule 5.2

Name of Sub-Trust Fund	Fund balances as at 1 January 2004	Income			Expenditure			Refunds to donors and transfers to/from other funds — net	Fund balances as at 31 December 2005
		Contributions	Other	Total	Project costs	Other costs	Total		
47. Arab Human Development Report									
Donor: Denmark									
Arab Human Development Report	—	503	—	503	204	5	209	—	294
Subtotal	—	**503**	—	**503**	**204**	**5**	**209**	—	**294**
Fund Manager: Office of Evaluation									
48. UNDP Trust Fund for Capacity Development Assessment									
Donor: Denmark									
Developing Capacity for Sustainable Human Development	450	—	8	8	3	—	3	(1 634)	(1 179)
Donor: Denmark									
Developing Capacity for Sustainable Human Development	—	—	—	—	—	—	—	—	—
Subtotal	**450**	—	**8**	**8**	**3**	—	**3**	**(1 634)**	**(1 179)**
Fund Manager: OA/OSG									
49. UNDP Trust Fund for International Partnership									
Donor: UNDP/UNF									
Sub-trust Fund for International Partnerships	1 186	25 847	464	26 311	17 339	1 194	18 533	(149)	8 815
Donor: United Nations									
Framework Convention on Climate Change	237	—	11	11	2	—	2	36	282

Name of Sub-Trust Fund	Fund balances as at 1 January 2004	Income			Expenditure			Refunds to donors and transfers to/from other funds — net	Fund balances as at 31 December 2005
		Contributions	Other	Total	Project costs	Other costs	Total		
Donor: Australia									
Sub-trust Fund for the Project "Trafficking in Women and Children in the Mekong Subregion"	33		3	3	(32)	(3)	(35)	4	75
Subtotal	**1 456**	**25 847**	**478**	**26 325**	**17 309**	**1 191**	**18 500**	**(109)**	**9 172**
Total Sub-Trust Funds	**146 350**	**476 720**	**11 595**	**488 315**	**431 819**	**18 859**	**450 677**	**49 198**	**233 186**
				Schedule 5			Schedule 5		

United Nations Development Programme
Biennium 2004-2005

Schedule 5.2. Selected Trust Funds established by UNDP

Statement of accounts for the biennium ended 31 December 2005

(Thousands of United States dollars)

	Trust Fund to Combat Desertification and Drought (UNSO)		*Trust Fund for the Global Environment Facility (GEF)*		*Multilateral Fund for the Implementation of the Montreal Protocol*	
	2004-2005	*2002-2003*	*2004-2005*	*2002-2003*	*2004-2005*	*2002-2003*
Income						
Voluntary contributions	17	(142)	407 382	376 355	85 104	61 300
Cost-sharing contributions	1 276	2 880	1 837	11 376	—	—
Sub-trust funds contributions	—	226	8 923	—	6 374	739
Management services agreements contributions	1	(3)	—	592	—	—
Subtotal	**1 294**	**2 961**	**418 142**	**388 323**	**91 478**	**62 039**
Interest income	425	(2)	3 174	178	3 792	1 838
Reimbursable support services	82	32	—	—	—	—
Other income	7	47	291	246	840	—
Total income	**1 808**	**3 038**	**421 607**	**388 747**	**96 110**	**63 877**
Expenditure						
Programme						
Regular Resources	(3)	1 788	322 326	245 409	56 902	49 403
Cost-sharing	1 389	2 492	6 550	7 173	1	132
Sub-trust funds schedule 5.1	99	782	6 445	111	1 907	970
Management services agreements	—	8	162	—	—	—
Subtotal	**1 485**	**5 070**	**335 483**	**252 693**	**58 810**	**50 505**
Biennial Support budget — net						
Management and administrative costs	—	528	29 555	33 368	1 336	3 333
Technical support costs	(1 064)	1 306	—	—	3 078	—

	Trust Fund to Combat Desertification and Drought (UNSO)		*Trust Fund for the Global Environment Facility (GEF)*		*Multilateral Fund for the Implementation of the Montreal Protocol*	
	2004-2005	*2002-2003*	*2004-2005*	*2002-2003*	*2004-2005*	*2002-2003*
UNDP support costs	107	—	2 779	1 367	2 247	903
Reimbursable support services costs	—	(13)	—	—	—	—
Subtotal	**(957)**	**1 821**	**32 334**	**34 735**	**6 661**	**4 236**
Other expenditure	4	241	12	563	—	39
Total expenditure	**532**	**7 132**	**367 829**	**287 991**	**65 471**	**54 780**
Excess (shortfall) of income over expenditure	**1 276**	**(4 094)**	**53 778**	**100 756**	**30 639**	**9 097**
Savings on prior biennium's obligations	—	13	(224)	30	—	34
Refunds to donors and transfers to/from Other Funds	(566)	(1 081)	2 388	(17 633)	(208)	—
Fund balances, 1 January	3 605	8 767	113 331	30 178	79 121	69 990
Fund balances, 31 December	**4 315**	**3 605**	**169 273**	**113 331**	**109 552**	**79 121**
Assets						
Cash	—	—	—	—	—	—
Government letters of credit and Promissory notes	—	100	—	—	6 304	31 150
Investments	29	45	200 127	119 623	111 106	49 158
Operating Funds provided to Governments	307	424	18 372	13 694	3 768	716
Operating Funds provided to Executing agents	344	331	2 565	4 664	—	—
Due from UNDP — Regular Resources	3 043	2 103	—	—	—	369
Other accounts receivable and deferred charges	493	698	237	112	(13)	(9)
Accrued interest	283	284	1 351	—	1 518	544
Other Capital Assets	—	—	—	—	—	—
Total assets	**4 499**	**3 985**	**222 652**	**138 093**	**122 683**	**81 928**

	Trust Fund to Combat Desertification and Drought (UNSO)		*Trust Fund for the Global Environment Facility (GEF)*		*Multilateral Fund for the Implementation of the Montreal Protocol*	
	2004-2005	*2002-2003*	*2004-2005*	*2002-2003*	*2004-2005*	*2002-2003*
Liabilities						
Operating Funds payable to Governments	208	402	3 115	1 724	33	234
Operating Fund payable to Executing agents	—	—	1 447	11 914	—	—
Unliquidated Obligations	—	4	13 130	9 394	5 426	2 573
Accounts Payable	(24)	(26)	809	76	(15)	—
Due to UNDP – Regular Resources	—	—	34 878	1 654	7 687	—
Contingency Reserve Fund	—	—	—	—	—	—
Total liabilities	**184**	**380**	**53 379**	**24 762**	**13 131**	**2 807**
Reserves and fund balances						
Operational Reserve	—	—	—	—	—	—
Endowment fund	—	—	—	—	—	—
Unexpended Resources						
Regular resources	176	(1 058)	146 629	91 412	104 013	78 656
Cost-sharing	2 708	2 771	16 646	18 394	—	(12)
Sub-trust funds	1 300	1 845	5 555	2 949	5 539	477
Management Service Agreements	2	—	443	576	—	—
Subtotal	**4 186**	**3 558**	**169 273**	**113 331**	**109 552**	**79 121**
Reimbursable Support Services	129	47	—	—	—	—
Total Unexpended Resources	**4 315**	**3 605**	**169 273**	**113 331**	**109 552**	**79 121**
Total reserves and fund balances, 31 December	**4 315**	**3 605**	**169 273**	**113 331**	**109 552**	**79 121**
Total liabilities, reserves and fund balances	**4 499**	**3 985**	**222 652**	**138 093**	**122 683**	**81 928**

The accompanying notes are an integral part of the financial statements

United Nations Development Programme
Biennium 2004-2005

Schedule 5.2. Selected Trust Funds established by UNDP

Statement of accounts for the biennium ended 31 December 2005

(Thousands of United States dollars)

	UNDP Trust Fund for Rwanda		*UNDP Trust Fund for the Iraq Programme*		*UNDP SIDA Trust Fund for Assistance to UNDP-specific Activities*	
	2004-2005	*2002-2003*	*2004-2005*	*2002-2003*	*2004-2005*	*2002-2003*
Income						
Voluntary contributions	371	3 141	22 238	271 910	129 226	69 799
Cost-sharing contributions	—	—	—	—	—	—
Sub-trust funds contributions	—	130	—	—	—	—
Management services agreements contributions	—	—	—	—	—	—
Subtotal	**371**	**3 271**	**22 238**	**271 910**	**129 226**	**69 799**
Interest income	—	(7)	122	307	37	(37)
Reimbursable support services	—	—	—	—	—	—
Other income	—	—	159	2	18	1 231
Total income	**371**	**3 264**	**22 519**	**272 219**	**129 281**	**70 993**
Expenditure						
Programme						
Regular Resources	652	9 103	(191)	272 945	94 008	60 446
Cost-sharing	(1)	—	—	—	—	—
Sub-trust funds schedule 5.1	(440)	2 002	—	—	—	—
Management services agreements	—	—	—	—	—	—
Subtotal	**211**	**11 105**	**(191)**	**272 945**	**94 008**	**60 446**
Biennial Support budget — net						
Management and administrative costs	—	—	—	—	—	—
Technical support costs						

	UNDP Trust Fund for Rwanda		*UNDP Trust Fund for the Iraq Programme*		*UNDP/SIDA Trust Fund for Assistance to UNDP-specific Activities*	
	2004-2005	*2002-2003*	*2004-2005*	*2002-2003*	*2004-2005*	*2002-2003*
UNDP support costs	21	98	213	10 578	4 189	2 040
Reimbursable support services costs	—	—	—	—	—	—
Subtotal	**21**	**98**	**213**	**10 578**	**4 189**	**2 040**
Other expenditure	1	20	(258)	568	23	56
Total expenditure	**233**	**11 223**	**(236)**	**284 091**	**98 220**	**62 572**
Excess (shortfall) of income over expenditure	**138**	**(7 959)**	**22 755**	**(11 872)**	**31 061**	**8 421**
Savings on prior biennium's obligations	—	—	—	—	—	8
Refunds to donors and transfers to/from Other Funds	245	—	(5 833)	(441)	(27 552)	(8 029)
Fund balances, 1 January	969	8 928	(16 750)	(4 437)	27 733	27 333
Fund balances, 31 December	**1 352**	**969**	**172**	**(16 750)**	**31 242**	**27 733**
Assets						
Cash	—	—	—	10 000	—	—
Government letters of credit and Promissory notes	—	—	—	—	—	—
Investments	1	3	—	5 645	—	—
Operating Funds provided to Governments	3 585	6 619	—	597	1 787	1 112
Operating Funds provided to Executing agents	1	1 075	—	—	985	899
Due from UNDP — Regular Resources	—	—	102	—	41 569	32 904
Other accounts receivable and deferred charges	4	1	101	93	1 207	1 102
Accrued interest	—	—	—	—	—	—
Other Capital Assets	—	—	—	—	—	—
Total assets	**3 591**	**7 698**	**203**	**16 335**	**45 548**	**36 017**

	UNDP Trust Fund for Rwanda		UNDP Trust Fund for the Iraq Programme		UNDP/SIDA Trust Fund for Assistance to UNDP-specific Activities	
	2004-2005	2002-2003	2004-2005	2002-2003	2004-2005	2002-2003
Liabilities						
Operating Funds payable to Governments	376	2 557			684	1 344
Operating Fund payable to Executing agents	1 672	2 577	5	6 151	2 091	2 957
Unliquidated Obligations	36	58		368	1 366	3 720
Accounts Payable	(68)	1	26	19	938	263
Due to UNDP — Regular Resources	223	1 536		26 547		—
Contingency Reserve Fund			—		9 227	
Total liabilities	**2 239**	**6 729**	**31**	**33 085**	**14 306**	**8 284**
Reserves and fund balances						
Operational Reserve			—			
Endowment fund			—			
Unexpended Resources						
Regular resources	71	166	172	(16 750)	31 242	27 733
Cost-sharing				—		
Sub-trust funds	1 281	803	—	—	—	—
Management Service Agreements					—	
Subtotal	**1 352**	**969**	**172**	**(16 750)**	**31 242**	**27 733**
Reimbursable Support Services	—	—	—	—	—	
Total unexpended Resources	**1 352**	**969**	**172**	**(16 750)**	**31 242**	**27 733**
Total reserves and fund balances, 31 December	**1 352**	**969**	**172**	**(16 750)**	**31 242**	**27 733**
Total liabilities, reserves and fund balances	**3 591**	**7 698**	**203**	**16 335**	**45 548**	**36 017**

The accompanying notes are an integral part of the financial statements.

United Nations Development Programme
Biennium 2004-2005

Schedule 6. Reimbursable services and miscellaneous activities

Income and expenditure and fund balances for the biennium ended 31 December 2005

(Thousands of United States dollars)

	Management service agreements		*Junior Professional Officers*		*Reserve for Field Accommodation*		*Reimbursable support services*		*Special activities*		*United Nations Volunteers programme*		*Total reimbursable support services, miscellaneous*	
	2004-2005	*2002-2003*	*2004-2005*	*2002-2003*	*2004-2005*	*2002-2003*	*2004-2005*	*2002-2003*	*2004-2005*	*2002-2003*	*2004-2005*	*2002-2003*	*2004-2005*	*2002-2003*
Income														
Contributions	234 458	225 232	62 990	58 550	—		—		76 164	87 166	61 568	47 438	435 180	418 386
Interest income	2 511	6 688	—		—		10 491	10 535	379	20	1 991	1 619	15 372	18 862
Other income	—		(22)	62	2 319	2 320	373 122	298 748	75 244	547	15 738	14 093	466 401	315 770
Total income	236 969	231 920	62 968	58 612	2 319	2 320	383 613	309 283	151 787	87 733	79 297	63 150	916 953	753 018
Expenditure														
Programme	179 571	249 150	51 658	48 379			—		14 409	4 983	48 019	44 952	293 657	347 464
Programme support costs	—		6 252	5 809			—		—		8 968	7 689	15 220	13 498
Development advisory services							—		7 564		—		7 564	
Programme support to Resident Coordinator					—		—		17 214	17 272	—		17 214	17 272
Biennial support budget — net	—		—		838	969	364 002	251 216	91 165	58 242	12 840	10 371	468 845	320 798
Other expenditure	(4)		—		—	116	—		—	—	155	48	151	164
Total expenditure	179 567	249 150	57 910	54 188	838	1 085	364 002	251 216	130 352	80 497	69 982	63 060	802 651	699 196
Excess (shortfall) of income over expenditure	57 402	(17 230)	5 058	4 424	1 481	1 235	19 611	58 067	21 435	7 236	9 315	90	114 302	53 822

	Management services agreements		Junior Professional Officers		Reserve for Field Accommodation		Reimbursable support services		Special activities		United Nations Volunteers programme		Total reimbursable support services, miscellaneous	
	2004-2005	*2002-2003*	*2004-2005*	*2002-2003*	*2004-2005*	*2002-2003*	*2004-2005*	*2002-2003*	*2004-2005*	*2002-2003*	*2004-2005*	*2002-2003*	*2004-2005*	*2002-2003*
Savings on prior biennium's obligations	—	—	—	—	**15**	7	**1 460**	1 864	**512**	1 234	—	—	**1 987**	3 105
Transfer (to) from reserves	—	—	—	—	—	—	**(9 000)**	(3 400)	—	—	—	—	**(9 000)**	(3 400)
Transfer (to) from other funds	**(5 555)**	(8 903)	—	—	—	—	**799**	2 130	**761**	738	**(4 095)**	(1 629)	**(8 090)**	(7 664)
Fund balances, 1 January	**56 850**	82 983	**9 632**	3 208	**(2 999)**	(4 241)	**171 751**	113 090	**17 611**	8 403	**49 215**	30 754	**302 060**	256 197
Fund balances, 31 December	**108 697**	56 850	**14 690**	9 632	**(1 503)**	(2 999)	**184 621**	171 751	**40 319**	17 611	**54 435**	49 215	**401 259**	302 060
			Schedule 6.1		Schedule 6.2		Schedule 6.3		Schedule 6.4		Schedule 6.6		Statement I.2	

The accompanying notes are an integral part of the financial statements.

United Nations Development Programme
Biennium 2004-2005

Schedule 6. Concluded

Assets, liabilities and reserves and fund balances as at 31 December 2005

(Thousands of United States dollars)

	Management service agreement		Junior Professional Officers		Reserve for Field Accommodation		Reimbursable support services		Special activities		United Nations Volunteers programme		Total reimbursable support services and other activities	
	2004-2005	2002-2003	2004-2005	2002-2003	2004-2005	2002-2003	2004-2005	2002-2003	2004-2005	2002-2003	2004-2005	2002-2003	2004-2005	2002-2003
Assets														
Cash				(27)			19 656	26 730			1 958		21 614	26 703
Regular resources											47 848	12 902	47 848	12 902
Operating Funds provided to Governments							17		682				699	
Operating Funds provided to Executing Agents			2				0		1		48		51	
Accounts receivable and deferred charges														
Due from core activities	154 862	89 211	14 812	9 173			251 741	246 310	42 431	18 471	895	4 408	464 883	367 573
Other accounts receivable and deferred charges			253	736	168	87	32 677	20 168	168	373	9 977	15 953	43 243	37 311
Accrued interest											818	330	818	330
Long-term accounts receivable					436	608							436	608
Other capital assets														
Loans to Governments					806	806							806	806
Construction costs					42 916	42 893							42 916	42 893
Capitalized rehabilitation					983	1 118							983	1 118
Household Appliance Rental Scheme														

	Management service agreements		Junior Professional Officers		Reserve for Field Accommodation		Reimbursable support services		Security services		United Nations Volunteers programme		Total reimbursable support services, miscellaneous	
	2004-2005	2002-2003	2004-2005	2002-2003	2004-2005	2002-2003	2004-2005	2002-2003	2004-2005	2002-2003	2004-2005	2002-2003	2004-2005	2002-2003
Allowance for write down	—	—	—	—	(9 632)	(9 710)	—	—	—	—	—	—	(9 632)	(9 710)
Total assets	**154 883**	**89 211**	**15 188**	**9 876**	**35 677**	**35 802**	**304 093**	**293 208**	**43 282**	**18 844**	**61 544**	**53 593**	**614 667**	**500 534**
Liabilities														
Operating Funds payable to NEX	—	—	—	—	—	—	—	—	44	—	—	—	44	—
Operating Funds payable to Executing Agents	—	—	2	18	—	—	—	—	—	—	—	—	2	18
Unliquidated obligations	46 186	32 361	93	5	1	13	7 448	7 004	2 760	1 195	1 300	651	57 788	41 229
Accounts payable	—	—	403	221	159	1	35 024	46 453	159	38	5 103	2 529	40 848	49 244
Due to UNDP — regular resources by:														
Reserve for Field Accommodation	—	—	—	—	4 272	9 135	—	—	—	—	—	—	4 272	9 135
Junior Professional Officers Programme	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Government advances for rehabilitation costs	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Agency reimbursement of construction costs	—	—	—	—	7 748	4 650	—	—	—	—	—	—	7 748	4 650
Deferred income	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Reserve for medical evacuation	—	—	—	—	—	—	—	—	—	—	706	1 198	706	1 198
Total liabilities	46 186	32 361	498	244	12 180	13 801	42 472	53 457	2 963	1 233	7 109	4 378	111 408	105 474

	Management service agreements		[illegible]		Reserve for field accommodation		[illegible]		[illegible]		[illegible]		[illegible]	
	2004-2005	2002-2003	2004-2005	2002-2003	2004-2005	2002-2003	2004-2005	2002-2003	2004-2005	2002-2003	2004-2005	2002-2003	2004-2005	2002-2003
Reserves and fund balances														
Operational reserve							[illegible]	[illegible]					[illegible]	[illegible]
Fund balance — authorized level					25 000	25 000							25 000	25 000
Special capital assistance														
Unexpended resources	108 697	56 850	14 690	9 632	(1 503)	(2 999)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Total reserves and fund balances	**108 697**	**56 850**	**14 690**	**9 632**	**23 497**	**22 001**	**261 621**	**239 781**	**40 319**	**17 611**	**84 439**	**49 219**	**503 289**	**398 060**
Total liabilities and reserves and fund balances	**154 883**	**89 211**	**15 188**	**9 876**	**35 677**	**35 802**	**304 093**	**293 208**	**43 282**	**18 844**	**61 544**	**53 593**	**614 667**	**500 534**

Schedule [illegible] Schedule [illegible] Schedule [illegible] Schedule [illegible] Schedule [illegible] Statement [illegible]

The accompanying notes are an integral part of these financial statements.

United Nations Development Programme
Biennium 2004-2005

Schedule 6.1. Junior Professional Officers programme

Status of funds for the biennium ended 31 December 2005

(Thousands of United States dollars)

Source of financing	Balance as at 1 January 2004	Receipts	Disbursement costs	Support costs	Total expenditure	Balance as at 31 December 2005
Governments						
(None)		(10)	41		41	(51)
Agence Intergouvernementale – FR	46	1 097	873	108	981	162
Asian Development Bank						
Australia	12	41	47	6	53	
Austria	742	2 871	2 546	185	2 731	882
Bahrain						
Belgium	1 416	3 156	3 133	375	3 508	1 064
Canada	414	1 217	1 201	100	1 301	330
Cape Verde						
Denmark	1 772	6 000	5 824	698	6 522	1 250
Finland	1 429	3 167	2 608	313	2 921	1 675
France	1 720	4 319	3 925	478	4 403	1 636
Germany	3 018	5 002	4 247	510	4 757	3 263
Iceland		72	128	15	143	(71)
Ireland	334	967	636	76	712	589
Italy	(1 965)	2 749	1 900	228	2 128	(1 344)
Japan	8 614	7 608	8 201	936	9 137	7 085
Luxembourg	(598)	2 716	1 762	212	1 974	144
Monaco	15	68	91	11	102	(19)
Netherlands	212	4 813	4 000	524	4 524	501
Netherlands Antilles						
Norway	996	3 355	3 061	348	3 409	942
Portugal	(195)	359	486	58	544	(380)
Republic of Korea	230	473	441	53	494	209
Saudi Arabia		508				508
Spain	319	3 243	2 244	270	2 514	1 048
Suriname						
Sweden	(1 773)	5 283	4 642	557	5 199	(1 689)
Switzerland	854	1 564	1 431	171	1 602	816

Source of funding	*Balance as at 1 January 2004*	*Receipts*	*Programme costs*	*Support costs*	*Total expenditure*	*Balance as at 31 December 2005*
United Kingdom	(107)	116	9	1	10	(1)
United Nations Development Programme			202		202	(202)
United Nations Environment Programme						
Total	**9 632**	**62 968**	**51 658**	**6 252**	**57 910**	**14 690**

Schedule 6

The accompanying notes are an integral part of the financial statements.

United Nations Development Programme
Biennium 2004-2005

Schedule 6.2. Reserve for Field Accommodation (RFA)

Income and expenditure and fund balances for the biennium ended 31 December 2005

(Thousands of United States dollars)

	Housing		Office premises		Support services related to Housing Loan Reserve		Total	
	2004-2005	2002-2003	2004-2005	2002-2003	2004-2005	2002-2003	2004-2005	2002-2003
Income								
Rental income	1 584	1 780	431	330	15	—	2 030	2 110
Other income	112	25	1	—	176	185	289	210
Total income	1 696	1 805	432	330	191	185	2 319	2 320
Expenditure								
Repairs and Maintenance	816	969	—	—	22	—	838	969
Biennial support budget expenditure	—	—	—	—	—	—	—	—
Miscellaneous expenditure	—	—	—	—	—	—	—	—
Write-offs and miscellaneous provisions	—	116	—	—	—	—	—	116
Total expenditure	816	1 085	—	—	22	—	838	1 085
Excess (shortfall) of income over expenditure	880	720	432	330	169	185	1 481	1 235
Savings on prior biennium's obligations	—	—	15	—	—	7	15	7
Refunds to donors and transfers (to) from other funds	—	—	—	—	—	—	—	—
Fund balances, 1 January	(2 175)	(2 895)	(2 038)	(2 368)	1 214	1 022	(2 999)	(4 241)
Fund balances, 31 December	(1 295)	(2 175)	(1 591)	(2 038)	1 383	1 214	(1 503)	(2 999)

Schedule 6

The accompanying notes are an integral part of the financial statements.

United Nations Development Programme
Biennium 2004-2005

Schedule 6.2. Reserve for Field Accommodation (RFA)

Assets, liabilities and reserves and fund balances as at 31 December 2005

(Thousands of United States dollars)

	Housing		Office premises		Support services to Programme Housing Fund Reserve		Total	
	2004-2005	2002-2003	2004-2005	2002-2003	2004-2005	2002-2003	2004-2005	2002-2003
Assets								
Accounts receivable and deferred charges								
Other accounts receivable and deferred charges	88	87	80	—	—	—	168	87
Long-term accounts receivable	436	608	—	—	—	—	436	608
Loans to Governments	806	806	—	—	—	—	806	806
Construction costs	16 348	16 325	26 568	26 568	—	—	42 916	42 893
Capitalized rehabilitation	982	1 118	—	—	1	—	983	1 118
Household Appliance/ Rental Scheme								
Allowance for write down	(7 632)	(3 710)	(6 000)	(6 000)	—	—	(9 632)	(9 710)
Total assets	**15 028**	**15 234**	**20 648**	**20 568**	**1**	**—**	**35 677**	**35 802**

	Housing		Office premises		Support services related to Housing Loan Reserve		Total	
	2004-2005	2002-2003	2004-2005	2002-2003	2004-2005	2002-2003	2004-2005	2002-2003
Liabilities								
Unliquidated obligations		15			1		1	15
Accounts payable	139		15		5	1	159	1
Due to UNDP — regular resources by								
Reserve for Field Accommodations	(8 816)	(12 256)	14 476	22 606	(1 388)	(1 215)	4 272	9 135
Government advances for rehabilitation costs						—	—	—
Agency reimbursement of construction costs		4 650	7 748				7 748	4 650
Deferred income							—	—
Total liabilities	**(8 677)**	**(7 591)**	**22 239**	**22 606**	**(1 382)**	**(1 214)**	**12 180**	**13 801**
Fund balance — authorized level	25 000	25 000			—	—	25 000	25 000
Unexpended resources	(1 295)	(2 175)	(1 591)	(2 038)	1 383	1 214	(1 503)	(2 999)
Total liabilities and fund balances	**15 028**	**15 234**	**20 648**	**20 568**	**1**	**—**	**35 677**	**35 802**

Schedule 5

The accompanying notes are an integral part of the financial statements.

United Nations Development Programme
Biennium 2004-2005

Schedule 6.3. Reimbursable support services

Income and expenditure and fund balances for the biennium ended 31 December 2005

(Thousands of United States dollars)

	Reimbursable support services related to non-UNDP activities		Reimbursable support services related to programme activities financed by other resources		Reimbursable support services provided to UNFPA		Total reimbursable support services	
	2004-2005	*2002-2003*	*2004-2005*	*2002-2003*	*2004-2005*	*2002-2003*	*2004-2005*	*2002-2003*
Income								
Interest income	179		10 196	9 850	116	683	10 491	10 533
Other income	99 176	60 746	261 647	227 821	12 299	10 183	373 122	298 750
Total income	99 355	60 746	271 843	237 671	12 415	10 866	383 613	309 283
Expenditure								
Biennial support budget — net	97 142	69 184	255 840	173 569	11 020	8 463	364 002	251 216
Total expenditure	97 142	69 184	255 840	173 569	11 020	8 463	364 002	251 216
Excess (shortfall) of income over expenditure	2 213	(8 438)	16 003	64 102	1 395	2 403	19 611	58 067
Savings on prior biennium's obligations	1 092	422	368	1 373	—	69	1 460	1 864
Transfer (to) from reserves	—		(9 000)	(3 400)	—	—	(9 000)	(3 400)
Refunds to donors and transfers (to) from other funds	4 926	1 629	(4 127)	501	—	—	799	2 130
Fund balances, 1 January	3 875	10 262	159 819	97 243	8 057	5 585	171 751	113 090
Fund balances, 31 December	12 106	3 875	163 063	159 819	9 452	8 057	184 621	171 751

Schedule 6

The accompanying notes are an integral part of the financial statements.

United Nations Development Programme
Biennium 2004-2005

Schedule 6.3. Reimbursable support services

Assets, liabilities and reserves and fund balances as at 31 December 2005

(Thousands of United States dollars)

	Reimbursable support services related to non-UNDP activities		Reimbursable support services related to programme activities financed by other resources		Reimbursable support services provided by IAPSO		Total reimbursable support services	
	2005	2003	2005	2003	2005	2003	2005	2003
Assets								
Cash	—	—	—	—	19 656	26 730	19 656	26 730
Operating funds provided to Governments	16	—	1	—	—	—	17	—
Operating funds provided to executing agents	—	—	—	—	—	—	—	—
Accounts receivable and deferred charges								
Due from core activities	16 056	9 362	245 868	228 804	(10 181)	8 144	251 743	246 310
Other accounts receivable and deferred charges	77	495	103	359	32 497	19 314	32 677	20 168
Other capital assets	—	—	—	—	—	—	—	—
Construction costs	—	—	—	—	—	—	—	—
Total assets	**16 149**	**9 857**	**245 972**	**229 163**	**41 972**	**54 188**	**304 093**	**293 208**
Liabilities								
Operating funds provided to Governments	—	—	—	—	—	—	—	—
Operating funds provided to executing agents	—	—	—	—	—	—	—	—
Unliquidated obligations	3 301	5 738	4 136	1 266	11	—	7 448	7 004
Accounts payable	742	244	1 773	78	32 509	46 131	35 024	46 453
Deferred income	—	—	—	—	—	—	—	—
Total liabilities	**4 043**	**5 982**	**5 909**	**1 344**	**32 520**	**46 131**	**42 472**	**53 457**
Operational reserve	—	—	77 000	68 000	—	—	77 000	68 000
Special capital resources	—	—	—	—	—	—	—	—
Unexpended resources	12 106	3 875	163 063	159 819	9 452	8 057	184 621	171 751
Total liabilities and fund balances	**16 149**	**9 857**	**245 972**	**229 163**	**41 972**	**54 188**	**304 093**	**293 208**

The accompanying notes are an integral part of the financial statements.

United Nations Development Programme
Biennium 2004-2005

Schedule 6.4. Special activities

Income and expenditure and fund balances for the biennium ended 31 December 2005

(Thousands of United States dollars)

	Support to UN Resident Coordinator		United Leading Youth		Extrabudgetary support for special purposes		Disaster mitigation programme		Total special activities	
	2004-2005	2002-2003	2004-2005	2002-2003	2004-2005	2002-2003	2004-2005	2002-2003	2004-2005	2002-2003
Income										
Contributions	20 098	19 128	—		54 061	64 878	2 005	3 160	76 164	87 166
Interest income	319	—	—	—	60	20	—	—	379	20
Other income	99	156	—	97	75 145	294	—		75 244	547
Total income	20 516	19 284	—	97	129 266	65 192	2 005	3 160	151 787	87 733
Expenditure										
Programme	—		—	—	14 409	4 983	—		14 409	4 983
Programme support to Resident Coordinator	17 214	17 272	—	—	—	—	—	—	17 214	17 272
Development advisory services	—	—	—		7 564	—	—	—	7 564	—
Biennial support budget — net	—		72	272	89 157	55 710	1 936	2 260	91 165	58 242
Total expenditure	17 214	17 272	72	272	111 130	60 693	1 936	2 260	130 352	80 497
Excess (shortfall) of income over expenditure	3 302	2 012	(72)	(175)	18 136	4 499	69	900	21 435	7 236
Savings on prior biennium's obligations	46	13	—	—	466	925	—	296	512	1 234
Refunds to donors and transfers (to) from other funds	59	(748)	—		702	1 486	—		761	738
Fund balances, 1 January	6 960	5 683	121	296	9 508	2 598	1 022	(174)	17 611	8 403
Fund balances, 31 December	10 367	6 960	49	121	28 812	9 508	1 091	1 022	40 319	17 611

Schedule 6

The accompanying notes are an integral part of the financial statements.

United Nations Development Programme
Biennium 2004-2005

Schedule 6.4. Special activities

Assets, liabilities and fund balances as at 31 December 2005

(Thousands of United States dollars)

	Support to UN Resident Coordinator		Unified Calling System		Extrabudgetary support for special purposes		Disaster mitigation programme		Total special activities	
	2004-2005	*2002-2003*	*2004-2005*	*2002-2003*	*2004-2005*	*2002-2003*	*2004-2005*	*2002-2003*	*2004-2005*	*2002-2003*
Assets										
Operating funds provided to Governments	—	—	—	—	682	—	—	—	682	—
Operating funds provided to executing agents	—	—	—	—	1	—	—	—	1	—
Accounts receivable and deferred charges										
Due from core activities	11 856	7 185	47	124	29 414	10 340	1 114	1 022	42 431	18 671
Other accounts receivable and deferred charges	—	1	5	—	163	172	—	—	168	173
Total assets	11 856	7 186	52	124	30 260	10 512	1 114	1 022	43 282	18 844
Liabilities										
Operating funds payable to NEX	—	—	—	—	44	—	—	—	44	—
Operating funds payable to executing agents	—	—	—	—	—	—	—	—	—	—
Unliquidated obligations	1 356	224	—	—	1 404	971	—	—	2 760	1 195
Accounts payable	133	2	3	3	—	33	23	—	159	38
Deferred income	—	—	—	—	—	—	—	—	—	—
Total liabilities	1 489	226	3	3	1 448	1 004	23	—	2 963	1 233
Unexpended resources	10 367	6 960	49	121	28 812	9 508	1 091	1 022	40 319	17 611
Total liabilities and fund balances	11 856	7 186	52	124	30 260	10 512	1 114	1 022	43 282	18 844

Schedule 6

The accompanying notes are an integral part of the financial statements.

United Nations Development Programme
Biennium 2004-2005

Schedule 6.5. Inter-Agency Procurement Service Office (IAPSO)

Income and expenditure and fund balances for the biennium ended 31 December 2005

(Thousands of United States dollars)

	Trading activities	
	2004-2005	2002-2003
Income		
Procurement handling fees	9 782	8 882
Insurance income	518	591
Training fees	581	740
Sale of publications		
Miscellaneous income	1 418	1 958
Interest income	116	683
Total income	**12 415**	**10 866**
Expenditure		
Post costs	7 461	(1 001)
General and operating expenses	3 559	8 126
Total expenditure	**11 020**	**8 463**
Net excess of income over expenditure	**1 395**	**2 403**
Fund balance, 1 January	8 057	5 585
Refunds to donors and transfers (to) from other funds		
Savings on prior biennium's obligations	—	69
Fund balance, 31 December	**9 452**	**8 057**
	Schedule 6.1	

The accompanying notes are an integral part of the financial statements.

United Nations Development Programme
Biennium 2004-2005

Schedule 6.6. United Nations Volunteers Programme

Statement of Accounts for the biennium ended 31 December 2005

(Thousands of United States dollars)

	United Nations Volunteers Programme	
	2004-2005	2002-2003
Income		
Voluntary Contributions	10 412	8 967
Cost-sharing contributions	2 959	3 097
Sub-trust Funds Contributions	16 634	6 718
Full Funding Arrangements	18 848	9 216
United Nations Joint Venture	12 715	19 440
Subtotal	**61 568**	**47 438**
Interest income	1 995	3 608
Reimbursable Support Services	15 648	10 462
Other income	86	1 642
Total income	**79 297**	**63 150**
Expenditure		
Programme		
Regular Resources	11 176	14 715
Cost Sharing	3 121	2 714
Sub Trust Funds	10 708	9 760
Full Funding Arrangements	11 133	9 429
United Nations Joint Ventures	11 881	8 275
Subtotal	**48 019**	**44 952**
Programme Support		
Regular Resources	12	
Cost Sharing	802	270
Sub Trust Funds	1 106	452
Full Funding Arrangements	1 004	1 223
United Nations Joint Ventures	6 044	5 744
Subtotal	**8 968**	**7 689**

	United Nations Volunteers Programme	
	2004-2005	2002-2003
Biennial Support budget — net		
Reimbursable Support Services Costs	12 840	10 171
Other expenditure	155	48
Total expenditure	**69 982**	**63 060**
Excess (shortfall) of income over expenditure	**9 315**	**90**
Savings on prior biennium's obligations		—
Transfers to/from Reserves		—
Refunds to donors and transfers to/from Other Funds	(4 095)	(1 629)
Fund balances, 1 January	49 215	50 754
Fund balances, 31 December	**54 435**	**49 215**

	United Nations Volunteers Programme	
	2004-2005	2002-2003
Assets		
Cash	2 656	
Investments	47 424	33 992
Operating Funds provided to Executing Agents	26	
Due from UNDP — Regular Resources	893	2 908
Other Accounts Receivable and Deferred Charges	9 927	15 943
Accrued Interest	618	750
Other Capital Assets	—	
Total assets	**61 544**	**53 593**
Liabilities		
Operating fund payable to executing agent	—	
Unliquidated obligations	1 298	651
Accounts payable	5 105	2 328
Due to UNDP Regular Resources	—	
Reserve for Medical Evacuation	706	1 199
Total liabilities	**7 109**	**4 178**
Reserves and Fund Balances		
Unexpended resources		
Regular resources	21 029	24 011
Cost-sharing	2 769	2 918
Sub-trust funds	18 225	12 433
Full funding arrangements	12 942	5 963
United Nations joint ventures	(7 972)	(3 667)
Subtotal	**46 993**	**41 658**
Reimbursable Support Services	7 442	7 557
Total unexpended resources	**54 435**	**49 215**
Total reserves and fund balances, 31 December	**54 435**	**49 215**
Total liabilities, reserves and fund balances	**61 544**	**53 593**

The accompanying notes are an integral part of the financial statements.

Schedule 6.7. Status of Sub-Trust Funds established by UNDP

Schedule of income, expenditure and fund balances for the biennium ended 31 December 2005

(Thousands of United States dollars)

		Income			Expenditure				
Name of Sub-Trust Fund	Fund balances as at 1 January 2004	Contributions	Other	Total	Disbursements	Unliquidated obligations	Total	Refunds/ (transfers)/ savings	Fund balances as at 31 December 2005
Sub-trust Funds — United Nations Volunteers Programme									
Donor: **Republic of Korea**									
Republic of Korea Trust Fund for UNVs Training	385	100	15	115	200	16	216	—	284
Donor: **France**									
Government of France Support to the Development of Volunteerism	115	171	10	181	100	28	128	—	168
Donor: Japan									
Assistance to Development of Basic Education in Northwestern Provinces Cambodia	13	—	—	—	9	1	10	—	3
Donor: Switzerland									
Peacebuilding and Peacekeeping Trust Fund	—	—	—	—	—	—	—	—	—
Donor: The Netherlands									
SNV Support to the UNV Programme in LAO PDR (SUNV)	89	—	4	4	—	—	—	—	93
Donor: Argentina									
White Helmets Initiative	7	—	—	—	—	—	—	—	7

Name of Sub-Trust Fund	Fund balances as at 1 January 2004	Income			Expenditure			Refunds to donors and transfers to/from other funds — net	Fund balances as at 31 December 2005
		Contributions	Other	Total	Project costs	Other costs	Total		
Donor: Belgium									
Technical Assistance to the Center for Human Rights in Cambodia	6	—	—	—	8	1	9	—	(3)
Donor: France									
White Helmets Initiative	496	—	15	15	313	31	344	—	167
Donor: Japan									
Support for Human Relief	—	—	—	—	—	—	—	—	—
Donor: Japan									
UNV/Japan Trust Fund for Multisectoral Support for Humanitarian Activities	169	—	1	1	32	4	36	—	134
Donor: Italy									
Italian National Participation in UNV Programme Activities	888	1 130	31	1 161	1 629	181	1 810	—	239
Donor: Japan									
Multisectoral Support to Humanitarian Assistance, Peacekeeping Operations, Rehabilitation Activities and Sustainable Human Development	(2)	—	(7)	(7)	3	—	3	—	(12)
Donor: Japan									
Promotion of UNV in Japan	10	350	1	351	314	32	346	180	195
Donor: Japan									
UNV Multisectoral Support for Humanitarian Assistance Peacekeeping Operation Rehabilitation	473	—	(5)	(5)	70	7	77	—	391
Donor: Italy									
UNISTAR	813	1 086	46	1 132	933	105	1 038	—	907

Name of Sub-Trust Fund	Fund balances as at 1 January 2004	Income			Expenditure			Refunds to donors and transfers to/from other funds — net	Fund balances as at 31 December 2005
		Contributions	Other	Total	Project costs	Other costs	Total		
Donor: Japan									
UNV Multisectoral Support for Humanitarian Assistance Peacekeeping Operation Rehabilitation	743	—	(29)	(29)	175	22	197	—	517
Donor: Italy									
UNV Internship Scheme	805	1 327	53	1 380	1 017	90	1 107	—	1 078
Donor: Japan									
Japan 2000 UNV Multisectoral Support for Humanitarian Assistance, Peacekeeping Operations, Rehabilitation Activities and Sustainable Human Development	431	(8)	(64)	(72)	296	34	330	52	81
Donor: The United Kingdom									
UNV Assistance to promote community-based confidence-building measures in Georgia	85	—	4	4	—	—	—	—	89
Donor: Japan									
Residual Funds	630	—	(5)	(5)	261	25	286	—	339
Donor: Japan									
Interest income	615	(350)	375	25	—	—	—	(195)	445
Donor: Japan									
UNV Multisectoral Support for Humanitarian Assistance, Peacekeeping Operations, Rehabilitation Activities and Sustainable Human Development — 2001	1 267	(4)	(39)	(43)	746	70	816	—	408

Name of Sub-Trust Fund	Fund balances as at 1 January 2004	Income			Expenditure			Refunds to donors and transfers to/from other funds – net	Fund balances as at 31 December 2005
		Contributions	Other	Total	Project costs	Other costs	Total		
Donor: Italy									
Support to the International Year of Volunteers (IYV) 2001 Activities	44	(44)	1	(43)	–	–	–	–	1
Donor: Sweden									
UNV assistance to promote community-based confidence-building measures in Georgia	–	–	–	–	–	–	–	–	—
Donor: Japan									
UNV Multisectoral Support for Humanitarian Assistance, Peacekeeping Operations Rehabilitation and Sustainable Human Development – 2002	2 308	–	17	17	1 549	152	1 701	15	639
Donor: Japan									
UNV Multisectoral Support for Humanitarian Assistance, Peacekeeping Operations, Rehabilitation Activities and Sustainable Human Development	1 943	12	44	56	675	72	747	–	1 252
Donor: Switzerland									
Swiss Agency for Development and Cooperation/ MoFA — Intern Programme	–	461	7	468	139	12	151	–	317
Donor: Switzerland									
Swiss Political Affairs Division/MoFA — Intern Programme	–	309	5	314	28	3	31	–	283

Name of Sub-Trust Fund	Fund balances as at 1 January 2004	Income			Expenditure			Refunds to donors and transfers to/from other funds — net	Fund balances as at 31 December 2005
		Contributions	Other	Total	Project costs	Other costs	Total		
Donor: Belgium									
Direction Generale de la Cooperation au Development/ MoFA — Intern Programme	—	716	—	716	176	—	176	—	540
Donor: European Commission									
EU/EVS Building up regional integration and social cohesion in the Balkans	—	98	1	99	69	10	79	—	20
Donor: Canada									
Canada Corps/ CIDA Trust Fund	—	803	17	820	131	58	189	—	631
Donor: Ireland									
Irish Aid/ MoFA — Intern Programme	—	1 004	9	1 013	—	—	—	—	1 013
Donor: Japan									
UNV Support to Tsunami Rehabilitation and Recovery in Indonesia, Sri Lanka, Maldives and Regional Initiative for Disaster Risk Management	—	5 000	136	5 136	1 067	92	1 159	—	3 977
Donor: Various									
UNV Generic Trust Fund for Tsunami Programme	—	3	—	3	—	—	—	—	3
Donor: Germany									
Relief, Recovery, Rehabilitation and Preparedness Support to Tsunami-affected Regions	—	2 605	—	2 605	457	45	502	—	2 103
Donor: Czech Republic									
UNV Czech Republic Tsunami Programme	—	176	5	181	—	—	—	—	181

Name of Sub-Trust Fund	*Fund balances as at 1 January 2004*	*Income*			*Expenditure*			*Refunds to donors and transfers to/from other funds — net*	*Fund balances as at 31 December 2005*
		Contributions	*Other*	*Total*	*Project costs*	*Other costs*	*Total*		
Donor: Japan									
Japan Trust Fund 2004 for UNV Multisectoral support for activities aimed at fostering development, providing humanitarian relief and reducing poverty		1 709	52	1 761	21	2	23		1 738
Donor: Japan									
UNV Multisectoral support for activities aimed at fostering development, providing humanitarian relief and reducing poverty									
Total	**12 433**	**16 854**	**700**	**17 554**	**10 708**	**1 106**	**11 814**	**52**	**18 225**
		Schedule 6.6			Schedule 6.6				

United Nations Development Programme
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Schedule 6.8. United Nations Volunteers — UNV

Summary of projects financed under full funding arrangements by donor Governments and institutions

(Thousands of United States dollars)

Donor	*Balances as at 1 January 2004*	*Contributions*	*Other income*	*Project costs*	*Programme support costs*	*Refunds to donors and transfers*	*Balances as at 31 December 2005*
Governments							
Australia	11	—	1	—	—	—	12
Austria	—	132	2	61	6	—	67
Belgium (Phase 1)	(6)	—	—	—	—	—	(6)
Belgium (Phase 2)	(621)	2 343	47	1 909	172	503	191
Czech Republic	141	311	10	254	22	—	186
Denmark	(64)	975	—	605	59	(1)	246
Finland (Phase 1)	884	—	41	6	1	1	919
Finland (Phase 2)	2 183	3 630	140	2 865	271	(10)	2 807
Germany	—	608	—	432	42	(2)	132
Ireland	20	1 121	61	501	39	—	662
Japan (Phase 1)	2	—	—	—	—	—	2
Japan (Phase 2)	(511)	2 714	23	1 278	109	(21)	818
Luxembourg	49	751	11	341	34	—	434
Netherlands	398	84	13	233	12	(9)	241
Norway	132	500	13	248	22	—	386
Spain (Phase 1)	448	—	21	—	—	—	469
Spain (Phase 2)	382	—	18	—	—	—	400
Spain (Phase 3)	1 112	—	56	84	3	(5)	1 090
Sweden (Phase 1)	(9)	—	—	—	—	—	(9)
Sweden (Phase 2)	55	414	15	353	28	(7)	96
Switzerland (Phase 1)	6	267	5	186	17	47	122
Switzerland (Phase 2)	86	149	4	116	11	—	112

Donor	*Balances as at 1 January 2004*	*Contributions*	*Other income*	*Project costs*	*Programme support costs*	*Refunds to donors and transfers*	*Balances as at 31 December 2005*
Japan (AMUDA)	—	—	—	—	—	—	—
Spain (Phase 4)	981	2 156	79	1 040	99	(6)	2 071
KOICA (Korea)	—	780	7	—	—	—	787
Total	**5 701**	**16 944**	**563**	**10 536**	**949**	**492**	**12 215**
Institutions							
UNISTAR assignments	(2)	—	—	—	—	—	(2)
WFP-HIV/AIDS	—	802	18	501	47	—	272
British HC — SI	—	—	—	—	—	—	—
APO (JPN)	—	53	1	38	4	—	12
Ministère de la Sante	—	37	1	14	1	—	23
SOLOMON ISL III	—	38	1	21	2	—	16
NCA SUPPORT TO UNV EAST EUROPE	—	15	—	3	—	—	12
LUXEMBOURG DEVT	—	86	1	14	1	—	72
Ad-Hoc arrangements	264	73	14	6	—	(23)	322
Total	**262**	**1 104**	**36**	**597**	**55**	**(23)**	**727**
Grand total	**5 963**	**18 048**	**599**	**11 133**	**1 004**	**469**	**12 942**

Schedule 6.6

The accompanying notes are an integral part of the financial statements.

Schedule 7. Funds established by the General Assembly and administered by UNDP

Statement of accounts for the biennium ended 31 December 2005

(Thousands of United States dollars)

	United Nations Development Fund for Women		*United Nations Capital Development Fund*		*Total Funds*	
	2004-2005	*2002-2003*	*2004-2005*	*2002-2003*	*2004-2005*	*2002-2003*
Income						
Voluntary contributions	45 241	41 826	26 737	49 196	71 978	91 022
Cost Sharing contributions	47 661	18 271	7 508	7 188	55 169	25 459
Sub-trust funds contributions — Schedule 7.1	9 866	8 568	8 949	6 964	18 815	15 532
Subtotal	**102 768**	**68 665**	**43 194**	**63 348**	**145 962**	**132 013**
Interest Income	1 474	1 184	2 977	1 561	4 451	2 745
Reimbursable Support Services	4 334	2 270	2 993	3 774	7 327	6 044
Other Income	387	337	3 166	454	3 553	791
Total income	**108 963**	**72 456**	**52 330**	**69 137**	**161 293**	**141 593**
Expenditure						
Programme						
Regular Resources	28 862	34 568	26 509	38 846	55 371	73 414
Cost Sharing	32 068	14 731	7 933	2 339	40 001	17 070
Sub-trust funds — Schedule 7.1	12 100	6 894	8 228	4 650	20 328	11 544
Subtotal	**73 030**	**56 193**	**42 670**	**45 835**	**115 700**	**102 028**

	United Nations Development Fund for Women		*United Nations Capital Development Fund*		*Total Funds*	
	2004-2005	*2002-2003*	*2004-2005*	*2002-2003*	*2004-2005*	*2002-2003*
Biennial Support Budget — Net						
Management and Administrative Costs	5 654	4 949	6 385	5 987	12 039	10 936
Technical Support Costs	7 410	6 344	5 678	5 730	13 088	12 074
Reimbursable Support Services Costs	2 098	2 061	2 661	4 748	4 759	6 809
Subtotal	**15 162**	**13 354**	**14 724**	**16 465**	**29 886**	**29 819**
Other Expenditure		16	173	90	173	106
Total expenditure	**88 192**	**69 563**	**57 567**	**62 390**	**145 759**	**131 953**
Excess (shortfall) of income over expenditure	**20 771**	**2 893**	**(5 237)**	**6 747**	**15 534**	**9 640**
Savings on prior biennium's obligations	—	14	—	58	—	72
Transfer to/from Reserves	400	—	—	15 400	400	15 400
Refunds to donors and transfers to/from Other Funds	(225)	(2 126)	(369)	—	(594)	(2 126)
Fund balances 1 January	25 091	24 310	43 104	20 899	68 195	45 209
Fund balances, 31 December	**46 037**	**25 091**	**37 498**	**43 104**	**83 535**	**68 195**

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Schedule 7. Funds established by the General Assembly and administered by UNDP

Statement of accounts for the biennium ended 31 December 2005

(Thousands of United States dollars)

	United Nations Development Fund for Women		*United Nations Capital Development Fund*		*Total (sum)*	
	2005	*2003*	*2005*	*2003*	*2005*	*2003*
Assets						
Cash	178		702	480	880	480
Investments — Schedule 8	65 768	32 400	53 229	40 373	118 997	72 773
Loans to Governments	—			105	—	105
Operating funds provided to Governments	51	54	—	—	51	54
Operating funds provided to Executing agents		872	384	71	384	943
Due from UNDP — Regular Resources	—	3 796	6 838	26 566	6 838	30 362
Other accounts receivable and deferred charges	2 887	2 830	2 151	517	5 038	3 347
Accrued interest	661	379	686	337	1 347	716
Total assets	**69 545**	**40 331**	**63 990**	**68 449**	**133 535**	**108 780**

	United Nations Development Fund for Women		*United Nations Capital Development Fund*		*Total funds*	
	2005	*2003*	*2005*	*2003*	*2005*	*2003*
Liabilities						
Operating Funds payable to Governments	131	56	—	—	131	56
Operating Funds payable to Executing agents	225	1 047	1 313	1 608	1 538	2 655
Unliquidated Obligations	2 745	5 983	1 024	1 104	3 769	7 087
Accounts Payable	1 402	54	1 555	33	2 957	87
Due to UNDP — Regular Resources	11 305	—	—	—	11 305	—
Total liabilities	**15 808**	**7 140**	**3 892**	**2 745**	**19 700**	**9 885**
Reserves and fund balances						
Operational Reserve	7 700	8 100	22 600	22 600	30 300	30 700
Unexpended Resources						
Regular Resources	12 725	7 665	25 259	32 579	37 984	40 244
Cost Sharing	23 660	7 888	5 337	5 495	28 997	13 383
Sub-trust funds	3 862	5 974	5 314	3 773	9 176	9 747
Subtotal	**40 247**	**21 527**	**35 910**	**41 847**	**76 157**	**63 374**
Reimbursable Support Services	5 790	3 564	1 588	1 257	7 378	4 821
Total Unexpended Resources	**46 037**	**25 091**	**37 498**	**43 104**	**83 535**	**68 195**
Total reserves and fund balances, 31 December	**53 737**	**33 191**	**60 098**	**65 704**	**113 835**	**98 895**
Total liabilities, reserves and fund balances	**69 545**	**40 331**	**63 990**	**68 449**	**133 535**	**108 780**

The accompanying notes are an integral part of the financial statements.

United Nations Development Programme
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Schedule 7.1. Status of Sub-Trust Funds and Funds established by the General Assembly and administered by UNDP

Schedule of income, expenditure and fund balances for the biennium ended 31 December 2005

(Thousands of United States dollars)

		Income			Expenditure				
Name of Sub-Trust Fund	*Fund balances as at 1 January 2004*	*Contributions*	*Other*	*Total*	*Project costs*	*Other costs*	*Total*	*Refunds to donors and transfers to/from other funds — net*	*Fund balances as at 31 December 2005*
Fund Manager: UNCDF									
1. **United Nations Capital Development Fund**									
Donor: Norway									
Environmental Guidelines Conference	—	—	—	—	—	—	—	—	—
Donor: The Netherlands									
Grameen Deep Tubewell Irrigation Project	—	—	—	—	—	—	—	—	—
Donor: Norway									
Production of School Furniture	—	—	—	—	—	—	—	—	—
Donor: Switzerland									
Suspension Bridges (Phase II)	—	—	—	—	—	—	—	—	—
Donor: Switzerland									
Suspension Bridges (Phase III)	—	—	—	—	—	—	—	—	—
Donor: Belgium									
Irrigated Agriculture in Farfar Plain	—	—	—	—	—	—	—	—	—
Donor: The Netherlands									
Wholesale Fruit and Vegetable Market in Al Husainiah	15	—	1	1	—	—	—	—	16

		Income			Expenditure				
Name of Sub-Trust Fund	*Fund balances as at 1 January 2004*	*Contributions*	*Other*	*Total*	*Project costs*	*Other costs*	*Total*	*Refunds to donors and transfers to/from other funds — net*	*Fund balances as at 31 December 2005*
Donor: Belgium									
Amenagement et Gestion des Terroirs de la Plaine Seno Gondo	49	—	1	1	44	—	44	—	6
Donor: Australia									
Rural Infrastructure Development Fund Phase I	—	—	—	—	—	—	—	—	—
Donor: Belgium									
D'appui aux communes rurales ducerle de L'ombouctou — Mali	62	—	3	3	—	—	—	—	65
Donor: Netherlands									
Support to Decentralized Planning and Finance in Nampula	129	—	6	6	—	—	—	—	135
Donor: Belgium									
Projet d'appui au Développement Local de la Region de N'guigmi	371	791	28	819	1 020	—	1 020	—	170
Donor: Belgium									
Projet d'appui au Developpement Local de la Region de Nayahi	232	546	16	562	762	—	762	—	32
Donor: World Bank									
Partnership Agreement between IBRD for the Consultative Group to Assist the Poorest and UNCDF	1	—	—	—	—	—	—	—	1
Donor: Belgium									
Anseba Local Development Fund	924	—	(13)	(13)	700	—	700	—	211

Name of Sub-Trust Fund	Fund balances as at 1 January 2004	Income			Expenditure			Refunds to donors and transfers to/from other funds — net	Fund balances as at 31 December 2005
		Contributions	Other	Total	Project costs	Other costs	Total		
Donor: Luxembourg									
Programme d'appui a la decentralization en milieu rural	396	112	22	134	69	—	69		461
Donor: Luxembourg									
Projet d'appui aux Communes Rurales de Mopti	377	294	18	312	327		327	—	362
Donor: Belgium									
Appui au Developpement Communal et aux Initiatives	155	1 596	25	1 621	1 374	—	1 374		402
Donor: Japan									
District Development Programme 2 — Gender Mainstreaming Component	175	—	8	8	—	—	—		183
Donor: DFID									
Support to follow-up of 1999 External Evaluation	41	—	—	—	41		41		
Donor: Belgium									
Projet de Développement des Ressources Agro-pastorales de la Province du Namentenga au Burkina Faso (PAPNA)	174	995	34	1 029	810	—	810	—	393
Donor: CGAP (Consultative Group to Assist the Poor)									
Joint Donor Training Initiative	162	—	134	134	187		187		109
Donor: FBS									
Belgium — Independent Impact Assessment		94	1	95	93		93	—	2

Name of Sub-Trust Fund	Fund balances as at 1 January 2004	Income			Expenditure			Refunds to donors and transfers to/from other funds — net	Fund balances as at 31 December 2005
		Contributions	Other	Total	Project costs	Other costs	Total		
Donor: UNFIP									
International Year of Microcredit 2005	—	1 335	816	2 151	1 856	—	1 856	—	295
Donor: various									
IMIS closed trust fund projects	510	—	20	20	—	—	—	(369)	161
Donor: FBS									
Belgium — Projet d'appui au développement communautaire en province de Byumba — Rwanda	—	645	3	648	466	—	466	—	182
Donor: Luxembourg									
Mali project	—	649	32	681	—	—	—	—	681
Donor: Luxembourg									
Fond d'appui a la Gouvernance Environnementale Locale — Fagel	—	—	—	—	—	—	—	—	—
Donor: France									
Projet d'appui a la decentralization et au développement Local — Mauritanie	—	782	17	799	294	—	294	—	505
Donor: France									
Projet d'appui a la commune Urbaine de Diffa — Niger	—	515	12	527	95	—	95	—	432
Donor: CIDA									
Canada — Appui a la Gouvernance Locale dans le department du Nord-Est en Haiti	—	595	5	600	90	—	90	—	510

Name of Sub-Trust Fund	Fund balances as at 1 January 2004	Income			Expenditure			Refunds to donors and transfers to/from other funds — net	Fund balances as at 31 December 2005
		Contributions	Other	Total	Project costs	Other costs	Total		
Donor: FBS									
Belgium — Collectivites Territoriales et Développement local a Tombouctou et a Mopti — Mali CTDL	—	—	—	—	—	—	—	—	—
Subtotal	**3 773**	**8 949**	**1 189**	**10 138**	**8 228**	**—**	**8 228**	**(369)**	**5 314**
		Schedule 7			Schedule 7				
Fund Manager: UNIFEM									
2. **United Nations Development Fund for Women**									
Donor: Japan									
Contribution to the Centre for Social Development and Humanitarian Affairs	214	—	11	11	—	—	—	—	225
Donor: Japan									
Denmark — Republic of Korea — Italy — Mauritius — UK — Australia — Malta — Trust Fund for the Elimination of Violence against Women	1 389	3 390	89	3 479	2 748	—	2 748	—	2 120
Donor: Belgium									
Strengthening Economic Governance: Applied Gender Analysis to Government Budgets	976	822	42	864	1 423	—	1 423	—	417

Name of Sub-Trust Fund	Fund balances as at 1 January 2004	Income			Expenditure			Refunds to donors and transfers to/from other funds — net	Fund balances as at 31 December 2005
		Contributions	Other	Total	Project costs	Other costs	Total		
Donor: EEC									
Local Level Gender Responsive Budget Initiative	477	278	11	289	674	—	674	—	92
Donor: EU									
From Beijing +10 to the Review of the Millennium Declaration	—	391	5	396	391	—	391	—	5
Donor: Sweden									
Capacity-Building Support for Women's Peace Activities in Burundi	—	—	—	—	(7)	—	(7)	—	7
Donor: Belgium									
African Women for Conflict Resolution and Peace (Phase II): Engendering the Mainstream Peace Building and Mediation Processes in Burundi	—	—	—	—	—	—	—	—	—
Donor: The Netherlands									
African Women for Conflict Resolution and Peace (Phase II): Engendering the Mainstream Peace Building and Mediation Processes in Eastern and Central Africa	130	—	2	2	125	—	125	—	7

Name of Sub-Trust Fund	*Fund balances as at 1 January 2004*	*Income*			*Expenditure*			*Refunds to donors and transfers to/from other funds — net*	*Fund balances as at 31 December 2005*
		Contributions	*Other*	*Total*	*Project costs*	*Other costs*	*Total*		
Donor: Denmark									
Credit Scheme for Productive Activities of Women in the United Republic of Tanzania	—	—	—	—	—	—	—	—	—
Donor: Sweden									
United Nations Consolidated Inter-Agency Appeal for Persons Affected by the Crisis in Rwanda	—	—	—	—	—	—	—	—	—
Donor: Sweden									
Support to the United Nations Interagency Appeals for Somalia 2002 — Enhancing Civil Protection in Somalia	1	—	1	1	(15)	—	(15)	—	17
Donor: Belgium									
Support to the Afghan Ministry of Women's Affairs	468	1 268	34	1 302	1 083	—	1 083	—	687
Donor: EEC									
Post Beijing Follow-up Phase II	167	—	5	5	166	—	166	—	6
Donor: EEC									
Assistance Programme for Women's Empowerment in Lebanon Reproductive Health and Economic Empowerment	21	—	1	1	21	—	21	—	1

Name of Sub-Trust Fund	Fund balances as at 1 January 2004	Income			Expenditure			Refunds to donors and transfers to/from other funds — net	Fund balances as at 31 December 2005
		Contributions	Other	Total	Project costs	Other costs	Total		
Donor: EEC									
Post Beijing follow-up in Western Asia	—	—	—	—	—	—	—	—	—
Donor: UNFIP									
A Life of Violence Reduction of Violence against Women/Shea butter Production in Burkina Faso	2 129	3 454	102	3 556	5 299	—	5 299	(186)	200
Donor: Sweden									
Women — Environment and Development	2	—	—	—	—	—	—	—	2
Donor: EEC/EU Trust Fund in Senegal	—	263	5	268	192	—	192	—	76
Subtotal	**5 974**	**9 866**	**308**	**10 174**	**12 100**	—	**12 100**	**(186)**	**3 862**
		Schedule 7			Schedule 7				
Total Sub-Trust Funds	**9 747**	**16 815**	**1 497**	**20 312**	**20 328**	—	**20 328**	**(555)**	**9 176**

United Nations Development Programme
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Schedule 7.2. Funds established by the General Assembly and administered by UNDP

Biennial support budget for the biennium ended 31 December 2005

(Thousands of United States dollars)

	Revised appropriations 2004-2005	2004-2005 expenditure			Unencumbered balance 31 December 2005	Expenditures 2002-2003
		Disbursements	Unliquidated obligations	Total		
United Nations Capital Development Fund						
Management and Administrative Costs	7 156	6 248	137	6 385	771	5 987
Technical Support Costs	7 220	5 676	2	5 678	1 542	5 730
	14 376	**11 924**	**139**	**12 063**	**2 313**	**11 717**
Reimbursable Support Services Costs	2 146	2 656	5	2 661	(515)	4 748
Total	**16 522**	**14 580**	**144**	**14 724**	**1 798**	**16 465**
				(Schedule 7)		(Schedule 7)
United Nations Development Fund for Women						
Management and Administrative Costs	6 400	5 567	87	5 654	746	4 949
Technical Support Costs	8 500	7 250	160	7 410	1 090	6 344
	14 900	**12 817**	**247**	**13 064**	**1 836**	**11 293**
Reimbursable Support Services Costs	2 127	2 098	—	2 098	29	2 061
Total	**17 027**	**14 915**	**247**	**15 162**	**1 865**	**13 354**
				(Schedule 7)		(Schedule 7)

The accompanying notes are an integral part of the financial statements.

United Nations Development Programme
Biennium 2004-2005

Schedule 8. Investments as at 31 December 2005

(Thousands of United States dollars)

	2005	*2003*
Regular resources		
Interest bearing current accounts	19 459	—
Time Deposit	1 380 550	580 000
Certificates of Deposit	536 700	—
Bonds and Notes	871 134	975 993
Other Investments	0	195 000
Money Market	249 368	178 840
Sweep Investments	12 452	81 150
Euro Time Deposit	—	14 354
Total — Statement II.1	**3 069 663**	**2 025 337**
UNDP Reserve for After-Service Health Insurance		
Interest bearing current accounts	—	—
Time Deposit	20 000	—
Certificates of Deposit	30 000	—
Bonds and Notes	117 431	—
Other Investments	—	—
Money Market	3 421	—
Sweep Investments	—	—
Total — Statement II.1	**170 853**	**0**
United Nations Volunteers Programme		
Interest bearing current accounts	—	—
Time Deposit	20 000	20 000
Certificates of Deposit	15 000	—
Bonds and Notes	7 969	10 228
Other Investments	—	—
Money Market	4 879	2 674
Sweep Investments	—	—
Total — Schedule 6.6	**47 848**	**32 902**
Trust Funds		
Trust Fund to Combat Desertification and Drought (UNSO)		
Interest bearing current accounts	(17)	—
Time Deposit	—	45
Certificates of Deposit	—	—

	2005	*2003*
Bonds and Notes	46	—
Other Investments	—	—
Money Market	—	—
Sweep Investments	—	—
Total — Schedule 5.2	**29**	**45**
Trust Fund for the Global Environment Facility		
Interest bearing current accounts	2 932	104 391
Time Deposit	134 000	—
Certificates of Deposit	40 000	—
Bonds and Notes	10 041	—
Money Market	13 154	—
Sweep Investments	—	15 232
Total — Schedule 5.2	**200 127**	**119 623**
Multilateral Fund for the Implementation of the Montreal Protocol		
Interest bearing current accounts	1	—
Time Deposit	40 000	10 000
Certificates of Deposit	10 000	—
Bonds and Notes	58 384	31 285
Other Investments	—	—
Money Market	2 721	7 873
Total — Schedule 5.2	**111 106**	**49 158**
Capacity 21 Trust Fund		
Interest bearing current accounts	1	—
Time Deposit	—	—
Certificates of Deposit	5 000	—
Bonds and Notes	2 000	4 040
Other Investments	—	—
Money Market	2 658	7 358
Total — Schedule 5.2	**9 659**	**11 398**
UNDP Fund for the Programme of Assistance to the Palestinian People		
Interest bearing current accounts	3	1
Time Deposit	—	9 000
Certificates of Deposit	—	—
Bonds and Notes	2 046	2 110
Other Investments	—	—
Money Market	1 014	1 529
Total — Schedule 5.2	**3 063**	**12 640**

	2005	2003
UNDP Trust Fund for Rwanda		
Interest bearing current accounts	1	3
Total — Schedule 5.2	**1**	**3**
Fonds Fiduciare du PNUD concernant l'Organisation pour l'harmonisation en Afrique du Droit des Affaires (OHADA TF)		
Interest bearing current accounts		
Time Deposit	1 988	5 760
Total	**1 988**	**5 760**
Perez-Guerrero Trust Fund for Economic and Technical Cooperation among Developing Countries		
Interest bearing current accounts	1	1
Time Deposit		
Certificates of Deposit	—	
Bonds and Notes	6 589	5 659
Other Investments	—	—
Money Market	77	572
Total	**6 667**	**6 232**
UNDP Trust Fund for International Partnerships		
Interest bearing current accounts	1	1
Time Deposit		
Certificates of Deposit	—	—
Bonds and Notes	1 023	5 289
Other Investments	—	—
Money Market	11 124	160
Total	**12 148**	**5 450**
UNDP Trust Fund for the Iraq Programme		
Interest bearing current accounts	—	5 645
Total — Schedule 5.2	—	**5 645**
Total Trust Funds	**344 787**	**215 954**

Statement II.2

Notes to the Financial Statements

Note 1
Mission statement

The United Nations Development Programme (UNDP) is part of the United Nations and upholds the vision of the Charter of the United Nations. It is committed to the principle that development is inseparable from the quest for peace and human security and that the United Nations must be a strong force for development as well as peace.

The mission of UNDP is to help countries in their efforts to achieve sustainable human development by assisting them to build their capacity to design and carry out development programmes in poverty eradication, employment creation and sustainable livelihoods, the empowerment of women and the protection and regeneration of the environment, giving first priority to poverty eradication.

UNDP also acts to help the United Nations family to become a unified and powerful force for sustainable human development and works to strengthen international cooperation for sustainable human development.

UNDP, at the request of Governments and in support of its areas of focus, assists in building capacity for good governance, popular participation, private and public sector development and growth with equity, stressing that national plans and priorities constitute the only viable frame of reference for the national programming of operational activities for development within the United Nations system.

UNDP resident representatives normally serve as resident coordinators of the operational activities of the United Nations system, supporting, at the request of Governments, the coordination of development and humanitarian assistance. Resident coordinators also help to orchestrate the full intellectual and technical resources of the United Nations system in support of national development.

UNDP strives to be an effective development partner for the United Nations relief agencies, working to sustain livelihoods while they seek to sustain lives. It acts to help countries to prepare for, avoid and manage complex emergencies and disasters.

UNDP draws on expertise from around the world, including from developing countries, United Nations specialized agencies, civil society organizations and research institutes.

UNDP supports South-South cooperation by actively promoting the exchange of experience among developing countries.

UNDP supports, within its areas of focus, technology transfer, adaptation and access to the most effective technology.

UNDP receives voluntary contributions from nearly every country in the world. UNDP seeks to ensure a predictable flow of resources to support its programmes. It provides grant funds through criteria based on universality that strongly favour low-income countries, particularly the least developed.

UNDP is politically neutral and its cooperation is impartial. It seeks to conduct its work in a transparent manner, accountable to all its stakeholders.

UNDP is committed to a process of continuing self-evaluation and reform. It aims to improve its own efficiency and effectiveness to assist the United Nations system in becoming a stronger force for the benefit of the people and countries of the world.

UNDP will continue to support an international development cooperation framework that responds to changing global, regional and national circumstances.

Note 2
Summary of significant accounting policies

(a) Reporting period

The financial period of the organization is biennial. The present biennium covers the period from 1 January 2004 to 31 December 2005. The financial statements reflect the application of the following significant accounting policies.

(b) Framework

UNDP activities are accounted for in accordance with:

(a) The Financial Regulations formulated by its Executive Board and the Rules established by the Administrator under the above regulations;

(b) The United Nations system accounting standards, as adopted by the Administrative Committee on Coordination, are based to a large extent on relevant international accounting standards issued by the International Accounting Standards Committee. Where differences from the International Accounting Standards exist, it is mainly because of the essentially non-commercial nature of the Organization's activities. The standards are based on the following principles and assumptions:

(i) Going concern, consistency and accrual are fundamental accounting assumptions. Where fundamental accounting assumptions are followed in financial statements, disclosure of such assumptions is not required. If these fundamental accounting assumptions are not followed, that fact should be disclosed together with the reasons;

(ii) Prudence, substance over form and materiality should govern the selection application of accounting policies;

(iii) Financial statements should include clear and concise disclosure of all significant accounting policies which have been used;

(iv) The disclosure of the significant accounting policies used is an integral part of the financial statements;

(v) Unusual items or prior period items should be disclosed if they have a material effect on the financial statements or schedules;

(vi) If there is a change in accounting policy that has a material effect in the current period, or may have a material effect in subsequent periods, the effect of such change should be disclosed and quantified, together with the reason for the change.

(c) Income

Interest income is accrued as income in the year to which it relates. All other income is accounted for on a cash basis, with the exception of income accrued on government letters of credit which are irrevocable.

(d) Expenditure

All expenditure of UNDP is accounted for on an accrual basis, except for that relating to staff entitlements (costs relating to the early-separation programme and after-service health insurance are, however, recorded on an accrual basis) and programme expenditure implemented by Governments and non-governmental organizations. These exceptions are accounted for on a cash basis.

Where UNDP transfers cash to executing agencies, the transfer is recorded as an advance and the programme expenditure is recorded upon receipt of certified expenditure reports (project delivery reports and financial reports) prepared by the executing agencies.

The following criteria are generally used in applying the accrual basis:

Experts and other project personnel	Costs relating to the period of contractual service falling within the current biennium, up to the amount provided for in the current budget
Travel on official business	Costs of travel taking place in the current biennium and travel commencing before the end of the current biennium but extending into the next biennium
Subcontracts	Payments falling due in the current biennium according to the terms of the contract or payment schedule
Fellowships	Cost of the fellowship from the anticipated date of commencement of study or start of the current biennium to completion of study or end of the current biennium, whichever is earlier
Group training	Full cost of any training activity held in the current biennium or beginning in the current and ending in the next biennium
Equipment	Full cost of a contractual agreement or a firm order placed with the supplier prior to the end of the current biennium up to the amount provided in the current budget
Miscellaneous	Cost of events (for example, hospitality), goods or services delivered or firm orders placed for delivery in the current biennium

Effective from the biennium 2004-2005, UNDP revised its accounting policy with respect to the recording of expenditure executed by UNDP and by Governments and non-governmental organizations where UNDP provides support services to the executing agency. Previously this expenditure had been recorded on a cash basis. UNDP decided to change the policy to make it consistent with the policy for recording United Nations agency expenditure. The impact of this change is an increase in programme expenditure totalling $125 million and a corresponding increase in accounts payable. There is no change in the accounting policy for recording nationally executed expenditure where UNDP does not provide support services. This remains on a cash basis because many of the national entities that execute UNDP projects account for this expenditure on a cash basis.

Certain flexibility provisions may be applied to expenditure by an executing agent. In any given year, expenditure may exceed an approved project budget for that year by 4 per cent provided that the executing agent does not incur overall expenditure for that year in excess of 2 per cent of total allocations made to it.

(e) Biennial support budget

The biennial support budget has three components:

(i) Programme support: expenditure incurred by organizational units (at country offices and headquarters) whose primary functions are the development, formulation, delivery and evaluation of the programmes of the organization. This will typically include units that provide back-stopping of programmes either on a technical, theoretical, geographical, logistical or administrative basis;

(ii) Management and administration: expenditure incurred by organizational units whose primary function is the maintenance of the identity, discretion and well-being of the organization. This will typically include units that carry out the functions of executive direction, organizational policy and evaluation, external relations, information and administration;

(iii) Support to operational activities of the United Nations: this comprises four elements which are basically applicable to the regular resources activities, namely, country offices support, the United Nations Development Group, the United Nations Volunteers programme and the Inter-Agency Procurement Services Office.

Expenditure under the biennial support budget is recorded in accordance with the principles set out under "Expenditure" above.

(f) Currency exchange

Contributions in currencies other than United States dollars

Voluntary contributions received from Governments are translated into United States dollars using the United Nations operational rate of exchange in effect on the date of payment. All exchange differences against market rates are recorded as other income expenditure.

Transactions in currencies other than United States dollars

For the purposes of accounting for transactions, and the maintenance of other financial records, other currencies are translated into United States dollars at the United Nations operational rate of exchange in effect on the date of the transaction. Assets and liabilities in other currencies are translated into United States dollars at the United Nations operational rate of exchange in effect on the date of the report.

Currency risk

UNDP uses natural hedges and derivative financial instruments, primarily options and forward foreign exchange contracts, to hedge currency risk on voluntary contributions. In using such instruments, the organization's objective is to protect the United States dollar equivalent of pledged voluntary contributions at the budget rate set at the beginning of each year, taking into account the relative lack of predictability of the amount and timing of actual receipts.

In cases where the hedged pledge amount is received before the maturity of the derivative financial instrument, the management may close the derivative contract before maturity on a case-by-case basis based on an assessment of the underlying economic case.

(g) Capital expenditure

The costs of purchased or constructed premises as well as major rehabilitation costs are reflected as capital assets. These assets relate mainly to the housing and office premises under the activity of the reserve for field accommodation, and to the office premises purchased for the UNDP/Argentina country office (see notes 13 and 14 below).

The full cost of non-expendable equipment is charged to the UNDP regular resources through the biennial support budget or to the appropriate project in the biennium in which it is purchased. An inventory is maintained for all non-expendable equipment (defined as items of equipment valued at $1,000 or more per unit). An inventory of items purchased for nationally executed projects is maintained but, because such items generally revert to the project in the recipient country on completion of the project, the value of such items is not included. Inventory is valued at actual cost whenever possible. When the actual cost is not available, a management estimate based on average cost or replacement cost is used.

(h) Operational reserve

At its annual session in 1999, the Executive Board approved a change in the basis for calculation of the UNDP operational reserve for regular reserves, which is now the sum of the following components:

(a) Income: the equivalent of 10 per cent of the average of the annual voluntary contributions received over the most recent three years, rounded to the nearest $1 million;

(b) Expenditure: the equivalent of 2 per cent of the average total annual expenditure incurred over the most recent three years, rounded to the nearest $1 million;

(c) Liability and structural: the equivalent of 10 per cent of the sum of the income and expenditure components, rounded to the nearest $1 million;

(d) Cash-flow: the equivalent of the cash needs for one month, calculated as one twelfth of the total expenditure of the most recent year, rounded to the nearest $1 million.

In addition, the Executive Board approved the establishment of an operational reserve with the UNDP extrabudgetary account for other resource activities. The calculation to arrive at the level of the reserve follows the same basis as that for the regular reserve.

(i) Presentation

By its decision 97/6, the Executive Board approved the harmonization of the budget presentation format submitted by UNDP, the United Nations Children's Fund and the United Nations Population Fund. Therefore, the financial reports are presented in a way that is consistent with this decision.

The main features of this harmonization involve activities that are:

(a) Regular resources activities: activities financed from voluntary contributions, donations from non-governmental sources and related interest earnings and miscellaneous income.

(b) Other resources activities: activities financed from resources other than regular resources, which are received for a specific programme purpose (cost-sharing, government cash counterpart contributions, trust funds established by the Administrator and activities from management service agreements.

(c) For accounting presentation purposes, the reimbursable support services and other special activities, namely, Junior Professional Officers and the reserve for field accommodation, among others, are included in the other resources activities.

(d) Funds administered by UNDP: activities of the funds established by the General Assembly and administered by UNDP.

The nature of some expenditure was redefined as explained above.

Other reclassifications and changes in presentation were made to better reflect the nature of the operations and/or to better comply with the accounting standards. These changes mainly affected:

(a) Cost-sharing activities: interest earned and support costs charged by the regular resources activities to cost-sharing activities are reflected in the statement of income and expenditure. In the past, these transactions were reflected directly as transfers to UNDP extrabudgetary income;

(b) Reimbursable support services for funds and trust funds: formerly termed "extra budgetary activities", the reimbursable support services are now presented as part of the funds' and trust funds' income statement, with the ending balance reflected in the "unexpended resources balance". In prior years, the net balance of these activities was shown between the liabilities section and the unexpended resources balance section;

(c) Management service agreements for funds and trust funds: these are now presented as part of the funds' and trust funds' income statement with the ending balance reflected in the "unexpended resources balance". In prior years, the net balance of these activities was shown between the liabilities section and the unexpended resources balance section;

(d) Full funding arrangements and United Nations joint venture activities at the United Nations Volunteers programme: these activities were presented as part of the income statement with the ending balances reflected in the "unexpended resources balance". In prior periods, the net balance of these activities was reflected in the balance sheet. The full funding arrangements net balance was part of the other accounts receivable and deferred charges, while the United Nations joint venture activities net balance was shown as other liabilities.

(e) Management source agreement Funds and Trust Funds. A detailed schedule is provided for each of the following:

(i) Volunteers fully funded agreements with Governments and institutions, by country and by project;

(ii) Trust funds' management service agreements;

(iii) The trading activities of the Inter-Agency Procurement Services Office.

(j) Non-consolidated financial statements

The results of the operations reflected in statements I to IV are presented on the basis of the three major components explained above.

The totals of each major component are shown only for the purpose of reflecting the component's aggregate data. Identified inter-activities/inter-fund balances (within each component) in the balance sheet have been eliminated in computing these totals. Other inter-fund transactions are not eliminated. Therefore, these aggregates are not intended to, and do not, reflect consolidated amounts, which would have required elimination of all inter-fund transactions and balances within each component.

(k) Determination of certain balance sheet items

Owing to the nature of the activities, certain transactions pertaining to cost-sharing, government cash counterpart contributions, etc. are commingled in the regular resources accounts (investments — deferred charges — receivables — payables, etc.). Whenever possible the balances of these accounts as at 31 December 2005 and the comparatives have been apportioned essentially on the basis of the best available information. The accounts not apportioned have been reflected in the inter-fund account balance.

(l) Investments

Carrying value of investments

Investments are carried at cost. In accordance with United Nations accounting standards, the market value is disclosed if it is different from the carrying amount.

Marketable securities

UNDP purchases marketable securities with the intent to hold them to maturity. However, the management may sell marketable securities in cases where there is a liquidity need or unexpected credit risk, or where it is otherwise in the best interest of the organization's overall investment management.

Credit risk

The marketable securities that potentially subject the organization to concentrations of credit risk are primarily bonds and certificates of deposit. The organization's investments are placed in high credit quality financial instruments, as determined through reputable third-party rating agencies. The credit quality of issuers of these investments is reviewed on an ongoing basis.

Liquidity risk

In addition to only placing investments in high credit quality financial instruments as determined through reputable third party rating agencies, to manage liquidity risk UNDP also limits its maximum exposure to any one issue and to any one counterparty.

(m) Joint programming

Joint programming was initiated in 2004 as a mechanism to accommodate the receipt of donor contributions and the disbursement of the contributions to partners who have signed agreements to implement various projects under this arrangement. The United Nations Development Group oversees the programme.

UNDP, acting as administrative agent, receives donor contributions towards the execution of projects implemented by UNDP and other agencies that are joint or single partners and makes pass-through payments to the partners. In addition to payments to partners, direct costs levied at the rate of 0.15 per cent of the gross contribution and administrative agent fees payable to UNDP are used to reduce the contributions.

UNDP, as an implementing partner, accounts for the contributions specifically contributed to UNDP and for the related project expenditures and reports on the UNDP-executed projects under the trust funds activities.

The implementing partners are responsible for the substantive and financial reporting on the receipt and utilization of donor contributions. UNDP, as administrative agent, is responsible for the consolidation of the agency reports and for transmittal of these reports to donors.

(n) UNIFEM separate financial statements

Effective 1 January 2006, UNIFEM will have a separate set of financial statements and therefore will no longer be included with the UNDP financial statements presented by UNDP.

Note 3
Disclosure of off-balance sheet items

(a) Contributions of Governments and other contributors

Regular resources

Contributions due from Governments and other contributors for current and prior years that have not been paid as of 31 December 2005 amount to $1,050,000.

Cost-sharing contributions

As at 31 December 2005, $248,290,074 was receivable for cost-sharing projects. This amount is to be rephrased to future years.

(b) In kind contributions

As part of the agreements of UNDP with recipient countries, the Governments of those countries are to provide UNDP with accommodations free of charge. In kind contributions received during the biennium 2004-2005 amounted to $21.9 million (2002-2003: $20.7 million). This represented a 5.8 per cent increase from the prior biennium.

(c) Related party transactions

In the biennium 1998-1999, UNDP, in partnership with Cisco Systems Inc., KPMG LLP and Akamai Technologies Inc. and with the support of other partners, launched a long-term initiative to use the power of the Internet to help break the cycle of extreme poverty globally. Publicized by high-profile rock concerts, the website http://Netaid.org uses the Internet's interactive capabilities to draw attention to the issue of extreme poverty and to offer Internet users the possibility of becoming directly involved. Netaid.org is being managed for UNDP by the Netaid.org Foundation, an independent entity that enjoys not-for-profit status in the United States of America (United States Code, title 26, sect. 501 (c) (3)). Ownership of the Foundation is shared by UNDP and Cisco Systems. The UNDP contribution to the Foundation comes mainly in the form of an in kind contribution of personnel on a full-time basis.

(d) Inventory

In line with the accounting policy stated above, inventory held at UNDP headquarters and at UNDP country offices as at 31 December 2005 was valued at $73.5 million ($149.3 million in 2003). Assets capitalized are neither amortized nor depreciated.

Note 4
Unidentified receipts

Monies received, but not identified as to purpose, are held as accounts payable until identified. As at 31 December 2005, $30,911,346 ($17,115,950 in 2003) in unidentified receipts were held as accounts payable. This amount is included in note 12 (b).

Note 5
Income received for the biennial support budget — regular resources

At its thirty first session, in 1984, the Governing Council authorized the establishment of a country-specific accounting linkage between voluntary contributions and contributions to local office costs in such a manner that voluntary contributions are first accounted for against any shortfall in contributions to local office costs. The total amount of $6,442,000 ($5,401,000 in 2003) which was transferred from voluntary contributions in respect of such linkage is included in the transfer to the biennial support budget from voluntary contributions as follows:

	2005	2004
Transfer of contributions with regard to government local office contributions (accounting linkage)	6 442	5 401
Reimbursement of tax charges	11 227	9 286
Total	**17 669**	**14 687**

Income received for the biennial support budget shown in schedule 3 consists of:

	2005	2004
Government local office contributions received	33 385	35 633
Transfer from contributions — government local office contributions	6 442	5 401
Reimbursement of tax charges	11 227	9 286
Total host government contributions	**51 054**	**50 320**
United Nations Volunteers income	4 505	4 123
Other income	562	166
Total	**56 121**	**54 609**

Note 6
Interest income — regular resources

The amounts shown in statement I.1 consist of the following (in thousands of United States dollars):

	2005	2004
Interest from investments	139 835	101 276
Interest on construction loans	—	—
Interest transferred to:		
Cost-sharing	(63 450)	(28 628)
Trust funds	(36 288)	(7 760)
Management service agreements	(2 511)	(6 688)
Reimbursable support services and special activities	(10 384)	(10 555)
Transfer for other purposes (see below and note 12 (b))		(13 500)
Total	**27 202**	**34 145**

Note 7
Other income — other resources

Other income of $466.4 million as shown on statement I.2 is reported under reimbursable support services and miscellaneous activities.

Fees — general management support	197 928
Reimbursement and support services income	101 224
Field security office budget through UNSECOORD	74 493
Fees for support services provided	20 888
Implementation support services	20 246
Other income — UNV	15 738
Contributions from agencies to field office common services	13 661
Procurement handling fees	9 779
Income generated by projects	2 104
Payroll management services	1 759
Reimbursement for management services	705
Other miscellaneous income	7 876
Total	**466 401**

Note 8
Cash — regular resources

The amounts shown in statement II.1 consist of the following (in thousands of United States dollars):

	2005	*2003*
Cash in bank accounts	135 746	(91 509)
Transfer from regular resource investments		112 576
Subtotal	**135 746**	**21 067**
Less: provision for depreciation of accumulating non-convertible currencies	24 669	21 067
Total	**111 077**	**—**

The cash balance at country offices takes into account uncleared cheques to the value of $146,568,678 as at 31 December 2005. There is an automatic replenishment from the headquarters' current and investment accounts once these cheques are cashed.

The above provision was established to reflect the overvaluation of the Cuban peso against the United States dollar at the United Nations rate of exchange.

Note 9
Investments

The carrying value of investments in bonds and notes of $988.6 million for regular resources and reserves for after-service health insurance is disclosed in schedule 8. The movement in the bond value shows a decrease of $104,859,559 in bonds held for regular resources and an increase of $117,431,153 for after-service health insurance as detailed below:

Beginning value 1 January 2004	*Purchases*	*Maturities*	*Net amortization*	*Realized gain*	*Adjustments*	*Carrying value 31 December 2005*	*Market value*	*Par valu*
975 993 832	699 916 823	(678 119 000)	(26 900 065)	(8 399)	(99 757 317)	871 134 273	858 780 477	862 143 000
-	59 645 060	(38 880 000)	(2 869 358)		99 535 451	117 431 153	114 670 170	116 000 000

Note 10
Government letters of credit

Government letters of credit shown in statement II.2 were made to UNDP in respect of cost-sharing for the following activities (in thousands of United States dollars):

	2005	*2003*
Voter registration in Afghanistan	85 471	14 000
Bi-communal development programme	32 796	18 032
National area-based development programme — capacity development	18 000	4 000
National area-based development programme in Afghanistan capacity development	10 000	—
Disaster risk management programme	8 962	1 500
Election project (Haiti)	5 275	—
Support to the Afghan Independent Human Rights Commission	5 000	—
National area-based development programme in Afghanistan capacity development (Afghanistan)	3 165	—
CCB Activated	3 000	—
Capacity development and community works — Ministry of Martyrs and Disabled	2 850	1 000
Programme cadre d'assistance au communautés	2 286	4 360
Improved social security	2 000	—
Aid management and coordination	1 600	—
Institutions developed and activated (Yemen)	1 590	—
Building information management	1 500	—
Disaster Management Centre	1 430	730
War-torn Society TF	1 125	—
Support to the development of a new Constitution in Afghanistan	1 030	5 000
Earthquake-proof homes	1 000	

	2005	2003
ICT capacity-building	988	—
Extrabudgetary support for security (Sudan)	900	—
Enhancement of the Security Liaison Officer Network	767	767
National Area Based Development Programme	641	1 000
Strengthening economic and financial management	574	—
Brazil	550	—
Facilitation of humanitarian assistance (Sudan)	500	—
Donor support to poverty reduction strategy paper preparation process in Ethiopia	475	—
HR Capacity (Yemen)	463	—
Support to return, resettlement and integration of internally displaced persons	462	865
Others	433	89
Grenada livelihoods	400	—
Basket Fund for Electoral Assistance	350	—
Support to the Fifth International Conference of New or Restored Democracies	299	500
Extrabudgetary support for security (Uganda)	293	—
United Nations contribution to international assistance	266	—
Programme development, Système national de gestion du risque et des desastres (Haiti)	250	—
Rehabilitation reconstruction and development programme	243	—
Social and psychological support (India)	200	—
Strengthening the system of prevention	175	—
Capacity for core functions (Nepal)	150	—
MGEP conflict prevention and peace-building	120	—
Asistencia tecnica para la identification e implementacion de nuevas propuestas de desarrollo (Peru)	120	—
Apoya al catastro	116	148
Support to the Secretariat of the Somalia Aid Coordination Body	100	100
Support secretariat services for Somalia	100	—
Humanitarian assistance information system in Nepal	70	—
Comprehensive approach to disaster management in the Caribbean	50	100
Community development and participation through the Chitalishte System	50	396
Emergency coordination and relief (India)	43	—
Sudano-Sahelian activities	40	—
Tsunami	30	—
Early-warning system in Bulgaria, phase III	29	154
Reinstallation and reintegration of refugees	25	—
Preparation, training and dissemination of a "best practice" manual	4	199
Crisis prevention and recovery, Mine Action Trust Fund	—	10 000

	2005	2003
Afghanistan management service agreement		8 000
War-torn Societies Trust Fund (Somalia)		808
Rehabilitation, reconstruction and development in Tajikistan		700
Promoting private sector development		560
UNDP Thematic Trust Fund on Energy for Sustainable Development		400
Emergency project in response to the damage caused by Hurricane Eline		312
Support for the Afghan Independent Human Rights Commission		250
Extrabudgetary activities in Kenya		100
Youth employment support		
Reinforcement of national management capacity		
Strengthening of civil society, phase II		
Support to the new approach to assist internally displaced persons		
Somalia civil protection programme		
Total	**198 356**	**74 067**

Note 11
Provision in respect of agency receivable

UNDP country offices make payments at the request of the United Nations and these payments are recorded in the UNDP operating fund account. In 2004 and 2005 an in-depth analysis of the differences between the records of the United Nations Development Programme and those of the United Nations as at 31 December 2003 was undertaken. The scope of the review included payments totalling some $26 million that were made over the years 1993-2003. The objective of the review was to locate the supporting documentation for each payment and confirm whether the payment was, in fact, a payment made on behalf of the United Nations. Locating the supporting documentation was difficult owing to the elapsed time and because much of it was located in UNDP country offices throughout the world. For those payments for which UNDP was able to locate the supporting documentation, $12.3 million was confirmed as a valid charge to the United Nations and $4.8 million was determined to have been incorrectly charged to the United Nations. For this latter category, all of the items were as a result of miscoding of the payment; none were as a result of fraud or theft. For those payments for which UNDP could not locate the supporting documentation, the United Nations agreed to accept $4.8 million and UNDP agreed to write off the remaining $4.2 million. A formal request for approval of the write-off of the $4.2 million will be submitted to the UNDP Administrator after the Office of Audit and Performance Review has completed a due diligence review.

Note 12
Accounts receivable and payable

(a) Other accounts receivable and deferred charges

The amounts shown in statements II.1 and II.2 consist of the following (in thousands of United States dollars):

	2005	*2003*
Accounts receivable	62 381	47 042
Current account with agencies	—	36 041
Miscellaneous deferred charges	4 322	5 073
Other account receivables	—	73
Subtotal	**66 703**	**88 229**
Less: provision to reduce the book value of accounts receivable	—	
Total		**88 229**
This total is reported as follows:		
Regular resources, statement II.1	42 625	48 675
Cost-sharing, statement II.2	24 078	39 554
Total	**66 703**	**88 229**

(b) Accounts payable

The amounts shown in statements II.1 and II.2 consist of the following (in thousands of United States dollars):

	2005	*2003*
Accounts payable	162 253	92 147
Payment assignment	1 430	1 245
Deferred payables	60 143	6 829
Clearing account	—	992
Cash received and awaiting clarification	30 911	17 116
Other liabilities (see note 6)	—	13 500
Total	**254 737**	**131 829**
This total is reported as follows:		
Regular resources, statement II.1	178 997	89 791
Cost-sharing, statement II.2	75 740	42 038
Total	**254 737**	**131 829**

Note 13
Reserve for field accommodation

The reserve for field accommodation was established in 1979 at a maximum level of $25 million to construct housing for United Nations international staff of the country offices. In 1989, the Governing Council authorized UNDP to expand the scope of the reserve to include financing for the United Nations system common premises, intended to accommodate the office needs of the agencies of the Joint Consultative Group on Policies.

The cumulative operating deficit of $1.5 million shown in schedule 6 is derived mainly from the operations of housing rental and offices premises.

As at 31 December 2005, the excess of total expenditure over the authorized level of the reserve under reserve for field accommodation activities is $20,230,000 ($21,701,000 in 2003).

Schedule 6.3 on reserve for field accommodation activities now includes each of its elements: reimbursable support services, office premises and housing. The split of the balance sheet items is essentially based on the best available information: the market value, if any, architect's reports, various bids for construction, and so on. The income statement data for both housing and office premises are based on the nature of the actual transactions.

The long-term receivable of $435,577 ($608,250 in 2003) shown in schedule 6.2 represents the amount receivable over the current biennium resulting from the sale of housing apartments in Cape Verde. The sale price was $1,300,050 and is payable in 15 annual instalments of $88,000. The current portion of $87,000 is included in other accounts receivable.

Note 14
Office premises and deferred income

(a) Office premises purchased for the UNDP country office in Argentina

In October 1996, office space was purchased for the country office in Argentina. The cost of this acquisition amounted to $1,570,000 and was financed from the country office's extrabudgetary resources.

This asset, which has been exceptionally capitalized, is shown under the regular resources.

Note 15
Reserves for special initiatives

The Executive Board, at its first regular session in 2000, approved the establishment of a capital reserve in the amount of $3.8 million as a charge from UNDP general resources. This amount will cover relocation costs, such as renovations, furniture, fittings and moving costs.

In addition, at its first regular session in 2002, it approved the establishment of a special reserve for separations relating to UNOPS amounting to $1.5 million.

The unexpended balance of resources for special initiatives shown on statement II.1 consists of the following (in thousands of United States dollars):

	Balance as at 1 January 2004	Additions during the biennium	Payments during the biennium	Balance as at 31 December 2005
Reserve for separations	757		(537)	220
Reserve for United Nations House programme	2 218		(1 688)	530
Transitional reserve on information and communications technology		792	(792)	
Funding for security measures		9 317	(9 317)	—
Total	**2 975**	**10 109**	**(12 334)**	**750**

Disbursements against these reserves are in addition to expenditure incurred against appropriations approved by the Executive Board in the recurrent biennial support budget.

Note 16
Unexpended resources

(a) Regular resources

The Executive Board, at its second regular session in 2001, approved the setting aside of $11.4 million as a transitional reserve on information and communications technology. This amount has been fully spent. In addition, the Executive Board, at its second regular session in 2003, approved the setting aside of $11.5 million as funding for security measures. Of this amount, $9.3 million has been spent.

The above amounts have been transferred to reserves for special initiatives and are disclosed in note 15. As a result, unexpended resources comprise the following (in thousands of United States dollars):

	2005	2003
Transitional reserve on information and communications technology		792
Funding for security measures	234	9 551
Unencumbered resources	238 846	145 040
Unexpended resources	**239 080**	**155 383**

(b) Reimbursable support services resources

As a prudent measure, during the 2002-2003 biennium the UNDP management set aside $2.5 million from the organization's reimbursable support services resources as a special reserve to help address financial and operational risks inherent in non-core funded projects.

As a result, unexpended resources relating to reimbursable support services comprise the following (in thousands of United States dollars):

	Balance as at 31 December 2005
Special reserve fund	2 500
Unencumbered resources — reimbursable support services	182 121
Unexpended resources	**184 621**

Note 17
Unspent allocations and future commitments

(a) Unspent allocations

Unspent allocations issued against UNDP resources for programme expenditure (excluding national execution) as at 31 December 2005 amount to approximately $71.0 million ($57 million in 2003), against which forward commitments reported by executing agencies are approximately $3.3 million ($1.5 million in 2003).

(b) Leasehold commitments

Future leasehold commitments against regular resources as at 31 December 2005 amount to $35.2 million ($33.6 million in 2003) for headquarters and $8.9 million ($29.9 million in 2003) for country offices. The figures for the country offices include long-term leases signed for the following period:

Country office	*Lease end date*
Ethiopia	4 October 2099
Jordan	1 January 2080
Maldives	31 March 2093
People's Democratic Republic of Korea	31 December 2086

(c) Post-retirement benefits

UNDP provides employees who have met certain eligibility requirements with health-care benefits after they retire. In order to gain a better understanding of the organization's financial liability for this after-service health insurance coverage, an independent consulting actuary was engaged to carry out an actuarial valuation as at 31 December 2005.

The principal actuarial assumptions used to determine the cost of expected claims were as follows:

(i)	Annual discount rate:	5.5 per cent
(ii)	Health care inflation rate:	Health care trend rates of 10 per cent in 2006 grading down to an ultimate rate of 5 per cent in 2014 and later for medical plans in the United States, and health care trend rates of 6.75 per cent grading down to an ultimate rate of 4.5 per cent in 2012 and later for medical plans outside the United States.

On the basis of that study, the actuary estimated that the liability as at 31 December 2005 for after-service health insurance benefits covering all participants in UNDP was as follows (in thousands of United States dollars):

	Present value of future benefits as at 31 December 2005	*Accrued liability as at 31 December 2005*
Gross liability	667 359	512 374
Offset from retiree contribution	140 824	105 514
Net liabilities	536 535	406 860

The present value of future benefits figures shown above is the discounted value of all benefits, less retiree contributions to be paid in the future to all current retirees and active employees expected to retire in the future.

The accrued liability represents that portion of the present value of future benefits that has accrued from the staff members' dates of entry on duty until the valuation date, 31 December 2005. Active staff members' benefits are considered fully accrued when the staff members reach their dates of full eligibility for benefits.

UNDP has made an accounting accrual of $54 million for the biennium ended 31 December 2005. This amount is over and above disbursements by UNDP for after-service health insurance, which are included as part of biennial support budget expenditure. Because of the unique nature of these items, UNDP accounted for the accrual as part of other expenditure rather than as a charge to the biennial support budget. The cumulative amount accrued as of 31 December 2005 is $162 million ($108 million in 2003).

The actuarial report was received by UNDP on 15 July 2006 after the financial statements for the 2004-2005 biennium had been finalized. The accrued liability estimate, compared to the estimate contained in the prior actuarial report as at 31 December 2003, increased by $143.7 million to $406.9 million. As a result, the unfunded liability also increased by $89.7 million to $244.9 million. UNDP will fund this liability in future years.

The actuarial valuation of the after-service health insurance benefits of UNDP and the United Nations Secretariat is carried out jointly. UNDP will carry out future valuations with the same frequency as the United Nations Secretariat.

(d) End-of-service liabilities

Consistent with note 2 above, UNDP has not specifically accrued for liabilities for the following end-of-service benefits, which will be owed when staff members leave the organization. The disbursements incurred in the financial period when staff members separate are reported as current expenditures.

Costs relating to annual leave due as at 31 December 2005 are estimated at $22.8 million ($21.53 million in 2003).

The contingent liability resulting from the termination benefits that UNDP will be required to pay to its staff members in future years is estimated by the management as at 31 December 2005 to be $18.9 million ($18.2 million in 2003) in respect of repatriation grants and $4.9 million ($4.64 million in 2003) in respect of termination indemnity.

(e) Pension benefits

UNDP is a member organization participating in the United Nations Joint Staff Pension Fund, which was established by the United Nations General Assembly to provide retirement, death, disability and related benefits. The Fund is a funded defined-benefit plan. The financial obligation of the organization to the Fund consists of its mandated contribution at the rate established by the Assembly together with any share of any actuarial deficiency payments under article 26 of the regulations of the Fund. Such deficiency payments are only payable if and when the Assembly has invoked the provisions of article 26, following determination that there is a requirement for deficiency payments based on an assessment of the actuarial sufficiency of the Fund as at the valuation date. At the time of the submission of the present report the Assembly had not invoked that provision.

(f) Air crash in the United Republic of Tanzania

On 5 December 1980, four UNDP staff members died in an air crash in the United Republic of Tanzania. As a result, UNDP received insurance proceeds totalling $623,948 from which it pays compensation to the beneficiaries of the victims. The remaining balance of these proceeds was fully utilized in 1996. Since then, compensation payments have been reported as expenditure in the year the payments are made. Payments of $95,635 were made during the current biennium.

(g) Contingent liability for pending claims

UNDP faces pending claims in the amount of $15.5 million from possible litigation against UNDP. However, these claims are based on the amounts in demand letters that may or may not lead to litigation or may be covered by beneficiary Governments. UNDP considers the probable liability from these claims to be significantly less and has, therefore, not made any provision for them on its books.

Note 18
Unliquidated obligations

The balance of unliquidated obligations shown in statement II consists of the following (in thousands of United States dollars):

	2005	*2003*
Executing agents	94 579	38 403
Biennial support budget	13 230	21 312
Reimbursable support services, reserve for accommodation and special activities	10 209	8 214
Total	**118 018**	**67 929**
Regular resources	41 248	34 037
Cost-sharing	66 561	25 678
Reimbursable support services	7 448	7 004
Reserve for field accommodation	1	15
Special activities	2 760	1 195
Total	**118 018**	**67 929**

Note 19
Outstanding commitments of the reserve for field accommodation

Unpaid invoices and commitments to contractors and subcontractors against the reserve for field accommodation totalled approximately $140,925 as at 31 December 2005 ($140,925 in 2003). These invoices are not accrued in the current year.

Note 20
Inter-Agency Procurement Services Office

(a) Accounts payable

The amount of $32,509,000 ($46,131,000 in 2003) shown in schedule 6.4 represents advances received relating to direct procurement.

(b) Biennial support budget

The core support budget of $971,000 ($1,071,000 in 2003) for the Inter-Agency Procurement Services Office is included in the amount for regular resources in the biennial support budget and is set out in detail in schedule 3.

(c) Basis of accounting

Inter-Agency Procurement Services Office direct procurement activity is accounted for on a cash basis.

(d) Trading activities

Based on trading activities, the Inter-Agency Procurement Services Office earned procurement handling fees and other income amounting to $12.4 million ($10.9 million in 2003) as shown in schedule 6.4.

Note 21
Special activities (schedule 6.5)

(a) Support to the United Nations resident coordinator activities

The activities of the resident coordinator are: supporting collaborative programming; following up major international conferences; carrying out United Nations system public information activities; and reviewing and planning United Nations system shared services, common premises and special assignments.

For the biennium ended 31 December 2005, total expenditure incurred with regard to these activities under special activities amounted to $45,055,000. This expenditure is presented in these financial statements as follows (in thousands of United States dollars):

	2005	2003
Regular resources, statement I.1	27 841	12 310
Other resources — special activities, schedule 6.4	17 214	17 272
Total	**45 055**	**29 582**

(b) Others

Various other activities are classified under extrabudgetary support for special purposes, including the Centre of Experimentation, Sustainable Energy and Environment Division.

Note 22
Amounts due to/from funds and trust funds administered by the United Nations Development Programme

UNDP receives contributions for, and makes advances to, funds and trust funds that it administers. The balance of these transactions at 31 December 2005 is shown in schedule 7 for funds and statement II.2 for trust funds.

Note 23
Trust Fund to Combat Desertification and Drought

(a) Mandate and goals

To address the effects of the severe drought in the Sahel region in Africa in the early 1970s, the Secretary-General of the United Nations in 1973 established the United Nations Sahelian Office, under the acronym UNSO. In 1977, the Office was placed under the administration of UNDP. In 1978, its mandate was extended to assist, on behalf of the United Nations Environment Programme, the countries of the

Sudano-Sahelian region in their implementation of the 1977 Plan of Action to Combat Desertification.

In Agenda 21, adopted at the United Nations Conference on Environment and Development in 1992, the Office was explicitly called upon to assume a major advisory role and participate effectively in the implementation of Agenda 21 provisions related to combating drought and desertification, and to land resource management, and to share its experience in this respect with all relevant countries, in particular those in Africa, with special attention to countries most affected or classified as least developed countries. The UNDP Governing Council and the General Assembly in June and December 1993, respectively, endorsed this extension of the UNSO mandate. In 1995, the UNDP Executive Board and the Economic and Social Council endorsed the renaming of the United Nations Sahelian Office to Office to Combat Desertification and Drought, while retaining its familiar acronym.

In response to the Executive Board's call for greater functional integration of UNSO into UNDP, the Administrator in 1994 brought together UNSO and several other environment-related units in the new Sustainable Energy and Environment Division. Today, UNSO may be characterized as a special programme in dryland management, desertification control and drought mitigation. Its principal goals are to spearhead UNDP support to affected programme countries in the implementation of the United Nations Convention to Combat Desertification in those Countries Experiencing Serious Drought and/or Desertification, particular in Africa and to serve as the principal global advocate for an integrated approach to dryland degradation and poverty eradication in conformity with the broad sustainable human development agenda of UNDP.

Within a broad programme approach UNSO, inter alia:

(a) Provides technical support and/or catalytic funding to the launching of the participatory and integrated processes called for under the Convention to formulate and implement national, subregional and regional action programmes to combat desertification and promote sustainable livelihoods in the world's drylands;

(b) Develops and tests new, innovative concepts and approaches to policy and programme formulation in dryland management and on cross-cutting issues critical for successful implementation of the Convention and facilitates access to them through technical publications, training and capacity-building;

(c) Facilitates the dissemination of documentation and exchange of knowledge, experience and best practices within the framework of selected thematic programme areas (such as water management, local-level natural resource management, pastoral development, environmental information systems, etc.);

(d) Promotes awareness of dryland development issues and facilitates mobilization of resources and partnership-building with relevant intergovernmental and non-governmental agencies to avoid duplication of efforts and to optimize the use of resources available for the implementation of the Convention.

(b) Combined accounts

In the light of the above-mentioned evolution in the UNSO mandate, the Administrator in 1995 established the Trust Fund to Combat Desertification and Drought. Appropriate steps were taken, including consultations with the United Nations legal services, to proceed towards a consolidation of the trust fund under the former mandate with the new trust fund.

In the meantime, the activities of these two funds have been combined as shown in schedule 5.2. The status of income received and expenditure incurred for the current year are as follows (in thousands of United States dollars):

	United Nations Trust Fund for Sudano-Sahelian Activities	*Trust Fund to Combat Desertification and Drought*	*Total*
Unexpended resources as at 1 January 2004	(1 835)	5 440	3 605
Income received	90	1 718	1 808
Expenditure incurred	1 061	(1 593)	(532)
Transfers to/from other funds	—	—	—
Refunds to donors	—	(566)	(566)
Unexpended resources as at 31 December 2005	**(684)**	**4 999**	**4 315**

(c) Investments

Investments for UNSO were liquidated in 2001. The appearance of $46,000 in schedule 8 and accrued interest of $284,000 in schedule 5.2 is due to prior period recording errors subject to reclassification in 2006.

(d) Unliquidated obligations

The balance of unliquidated obligations shown in schedule 5.2 consists of the following (in thousands of United States dollars):

	2005	*2003*
Executing agents	—	4
Biennial support budget	—	—
Total	—	4

(e) Unexpended resources

The amounts shown in schedule 5.2 consist of the following (in thousands of United States dollars):

	Unexpended resources	
	2005	*2003*
Regular resources	176	(1 058)
Cost-sharing	2 708	2 771
Sub-trust funds	1, 300	1 845
Management service agreements	2	-
Reimbursable support services	129	47
Total	**4 315**	**3 605**

Note 24
Trust Fund for the Global Environment Facility

(a) Mandate and goals

The Trust Fund for the Global Environment Facility (GEF) was established for the receipt and administration of funds to finance UNDP pre-investment studies, technical assistance and training for global environment policies, programmes and projects. The agreement between UNDP and the World Bank, as trustee for GEF, was signed on 29 April 1991. As stated in the Instrument for the Establishment of the Restructured Global Environment Facility, adopted by the Governing Council of the United Nations Environment Programme at its fourth special session, in 1994:

> "GEF shall operate, on the basis of collaboration and partnership among the implementing agencies, as a mechanism for international cooperation for the purpose of providing new and additional grant and concessional funding to meet the agreed incremental costs of measures to achieve agreed global environmental benefits in the following focal areas:
>
> (a) Climate change,
>
> (b) Biological diversity,
>
> (c) International waters, and
>
> (d) Ozone layer depletion.
>
> "The agreed incremental costs of activities concerning land degradation, primarily desertification and deforestation as they relate to the four focal areas shall be eligible for funding. The agreed incremental costs of other relevant activities under Agenda 21 that may be agreed by the Council shall also be eligible for funding insofar as they achieve global environmental benefits by protecting the global environment in the focal areas;
>
> "GEF shall ensure the cost-effectiveness of its activities in addressing the targeted global environmental issues, shall fund programmes and projects which are country-driven and based on national priorities designed to support

sustainable development and shall maintain sufficient flexibility to respond to changing circumstances in order to achieve its purposes."

UNDP will play the primary role in ensuring the development and management of capacity-building programmes and technical assistance projects. Through its global network of field offices, UNDP will draw upon its experience in human resources development, institutional strengthening and non-governmental and community participation to assist countries in promoting, designing and implementing activities consistent with the purpose of GEF and national sustainable development strategies. Also drawing on its inter-country programming experience, UNDP will contribute to the development of regional and global projects within the GEF work programme in cooperation with the other implementing agencies.

(b) Investments

The carrying value of investments of $10.04 million is disclosed in schedule 8. The increase of $10,040,755 in the bond value is detailed below:

Beginning value 1 January 2004	*Purchases*	*Maturities*	*Net amortization*	*Carrying value 31 December 2005*	*Movement increase*	*Market value*	*Par value*
—	10 045 000	—	(4 245)	10 040 755	10 040 755	10 044 000	10 000 000

(c) Unliquidated obligations

The balance of unliquidated obligations shown in schedule 5.2 consists of the following (in thousands of United States dollars):

	2005	*2003*
Executing agents	12 690	9 567
Biennial support budget	440	(173)
Total	**13 130**	**9 394**

(d) Unexpended resources

The amounts in schedule 5.2 consist of the following (in thousands of United States dollars):

	Unexpended resources	
	2005	*2003*
Regular resources	146 629	91 412
Cost-sharing	16 646	18 394
Sub-trust funds	5 555	2 949
Management service agreement	443	576
Total	**169 273**	**113 331**

Note 25
Multilateral Fund for the Implementation of the Montreal Protocol

(a) Mandate and goals

The stratospheric ozone layer prevents most ultraviolet radiation from reaching the Earth. This ozone layer is under intense attack by chlorofluorocarbons, halons and other ozone-depleting substances used as refrigerants, foaming agents, aerosol propellants, fire retardants, solvents and fumigants. The depletion of the ozone layer allows more radiation to reach the Earth, raising the incidence of skin cancer and cataracts, and affecting agriculture, fisheries and biological diversity.

The Montreal Protocol (1987) sets out the time schedule for freezing and reducing the consumption of ozone-depleting substances. Developed countries have already eliminated most of these ozone-depleting substances; developing countries have a grace period. A multilateral fund was established under the Montreal Protocol to help developing countries eliminate these ozone-depleting substances; it is funded by developed countries (since they had contributed the most to the ozone layer depletion problem). Between 1991 and 2005, the Multilateral Fund approved $1.98 billion in projects to phase out the consumption of more than 223,500 Ozone Depletion Potential (ODP) tons and the production of about 133,000 ODP tons of ozone-depleting substances. The Fund has been replenished by $400 million for the three-year period 2006-2008.

UNDP is one of four implementing agencies under the Multilateral Fund (with UNEP, the United Nations Industrial Development Organization and the World Bank). UNDP assists 86 countries (77 under the Multilateral Fund and nine under GEF) to implement national programmes to phase out chlorofluorocarbons, halons and other ozone-depleting substances through national country programme formulation, technical training and demonstration projects, institutional strengthening/national capacity-building and technology transfer investment projects.

UNDP helps Governments and industry design, implement, monitor and evaluate projects and programmes to phase out ozone-depleting substances in the aerosol, foam, solvent, refrigeration/air-conditioning and fire-extinguishing sectors, covering large-, medium- and small-scale enterprises. UNDP also works on demonstration projects to test alternatives to methyl bromide, a pesticide that contains chlorofluorocarbons, for agricultural uses. The programme comprises a mix of UNOPS-executed and nationally executed projects. UNDP has also assisted or is currently assisting Australia, Belgium, Canada, Denmark, Germany, Italy, Japan, Sweden and the United States to implement certain bilateral programmes under the Multilateral Fund.

(b) Investments

The carrying value of investments of $10.04 million is disclosed in schedule 8. The increase of $10,040,755 in the bond value is detailed below:

Beginning value 1 January 2004	*Purchases*	*Maturities*	*Net amortization*	*Carrying value 31 December 2005*	*Movement increase*	*Market value*	*Par value*
31 285 582	59 272 561	(30 495 000)	(1 678 753)	58 384 390	27 098 808	57 874 834	58 020 000

(c) Unliquidated obligations

The balance of unliquidated obligations shown in schedule 5.2 consists of the following (in thousands of United States dollars):

	2005	*2004*
Executing agents	5 296	2 573
Biennial support budget	130	
Total	**5 426**	**2 573**

(d) Unexpended resources

The amounts in schedule 5.2 consist of the following (in thousands of United States dollars):

	Unexpended resources	
	2005	*2004*
Regular resources and cost-sharing	104 013	78 644
Sub-trust funds	5 539	477
Total	**109 552**	**79 121**

Note 26
"Capacity 21" Trust Fund

(a) Mandate and goals

The "Capacity 21" Trust Fund was established by the Administrator in 1993, subsequent to the Governing Council's decision, as an initiative to help countries implement Agenda 21. Agenda 21 is the agenda for action agreed to at the United Nations Conference on Environment and Development.

The mission of "Capacity 21" is to pilot innovative methods of implementing Agenda 21 by helping selected countries to design and implement capacity-building programmes for sustainable development. "Capacity 21" will ensure that, in addition to the substantial progress being made by the pilot countries in the achievement of sustainable forms of development, a body of knowledge will be built up that will be of material benefit to other countries that are implementing Agenda 21.

(b) Investments

The carrying value of investments of $2 million is disclosed in schedule 8. The decrease of $2,037,721 in the bond value is detailed below:

Beginning value 1 January 2004	*Purchases*	*Maturities*	*Net amortization*	*Carrying value 31 December 2005*	*Movement (decrease)*	*Market value*	*Par value*
4 037 679	—	(2 000 000)	(37 721)	1 999 958	(2 037 721)	1 997 600	2 000 000

(c) Unliquidated obligations

The balance of unliquidated obligations shown in schedule 5.2 consists of the following (in thousands of United States dollars):

	2005	*2003*
Executing agents	90	709
Biennial support budget	18	—
Total	**108**	**709**

(d) Unexpended resources

The amounts in schedule 5.2 consist of the following (in thousands of United States dollars):

	Unexpended resources	
	2005	*2003*
Regular resources	5 732	16 576
Cost-sharing	11	15
Sub-trust funds	344	329
Total	**6 087**	**16 920**

Note 27
Energy Account

(a) Mandate and goals

Established by the UNDP Governing Council in 1980, the UNDP Energy Account is the channel for specific contributions for energy activities within the context of the UNDP Initiative for Sustainable Energy. These activities are aimed at promoting sustainable energy strategies, such as the following:

(a) Utilizing renewable sources of energy to meet the basic energy needs of rural communities and focusing on energy efficiency in residential, commercial and industrial sectors (while renewable energy systems are environmentally benign and have demonstrated their reliability under a wide range of conditions, energy efficiency measures can, at a minimum, reduce carbon dioxide emission and postpone investment by delaying construction of new fossil fuel-based power plants);

(b) Contributing to innovative financing mechanisms, such as financing energy services for small-scale energy users to identify and promote ways to provide technically feasible and economically viable renewable energy and energy efficiency services to various types of energy users;

(c) Mobilizing support for indigenous capacity-building so that countries can identify and make use of new approaches and technological opportunities as well as train entrepreneurs and implement new financial/credit modes;

(d) Encouraging countries to create a supportive legal, institutional and regulatory climate for sustainable energy development.

(b) Unliquidated obligations

The balance of unliquidated obligations shown in schedule 5.2 consists of the following (in thousands of United States dollars):

	2005	*2003*
Executing agents	9	3
Biennial support budget	—	—
Total	**9**	**3**

(c) Unexpended resources

The amounts shown in schedule 5.2 consist of the following (in thousands of United States dollars):

	Unexpended resources	
	2005	*2003*
Regular resources and cost-sharing	1 312	1 664
Sub-trust funds	—	—
Total	**1 312**	**1 664**

Note 28

Fund for the Programme of Assistance to the Palestinian People

(a) Mandate and goals

The UNDP Programme of Assistance to the Palestinian People has been operational in the West Bank and the Gaza Strip since 1980, having been mandated by the Governing Council to undertake both technical and capital assistance projects. The Programme is a decentralized assistance programme that reports directly to the office of the Administrator. Most of the activities supported by UNDP are directed at strengthening newly created Palestinian institutions and creating employment opportunities in the occupied territories.

Since the establishment of the Palestinian Authority in the West Bank and the Gaza Strip in May 1994, there has been a redefinition of the Programme's strategies and programme initiatives. As mandated by the programme framework, the Programme's primary counterpart for development activities is the Palestinian implementation capacities of the Palestinian ministries, municipalities and village councils, and civil society organizations. In conjunction with the Palestinian Authority, UNDP is also identifying and launching longer-term types of initiative, which are essential to the long-term development of the Palestinian territories. Whenever possible, UNDP uses Palestinian implementation networks and expertise.

UNDP, under the auspices of the Programme, has sought to improve the social, economic and environmental conditions of all Palestinians in the occupied territories by implementing specific projects. The development and assistance strategies have resulted from a joint assessment of the top priorities in each sector by the Programme and the Palestinian Authority. The projects reflect a realistic view of what is achievable and readily implementable in each sector, and attempt to narrow down the practically unlimited range of development needs in the West Bank and the Gaza Strip to those specific projects that will provide the most tangible and visible results to the Palestinian people.

These projects have focused on four basic areas: public administration, economic development, human development and environmental management.

(b) Investments

The carrying value of investments $2 million is disclosed in schedule 8. The decrease of $64,700 in the value of the bonds is detailed below:

Beginning value 1 January 2004	*Purchases*	*Maturities*	*Net amortization*	*Carrying value 31 December 2005*	*Movement (decrease)*	*Market value*	*Par value*
2 110 440	—	—	(64 700)	2 045 740	(64 700)	2 010 600	1 000 000

(c) Unliquidated obligations

The amounts shown in schedule 5.2 represent unliquidated obligations of executing agents.

(d) Unexpended resources

The amounts shown in schedule 5.2 consist of the following (in thousands of United States dollars):

	Unexpended resources	
	2005	*2003*
Regular resources	28 286	17 896
Sub-trust funds	12 427	11 187
Total	**40 713**	**29 083**

(e) Other accounts receivable

The balance shown in schedule 5.2 consists of recoverable advances paid with regard to the value-added tax.

(f) Endowment Fund

A contribution of $3 million was received from the Government of Japan in 1998 for the establishment of an endowment fund. The objective of this Endowment Fund is to strengthen the planning and managerial capacities of Palestinian institutions, in order to promote sustainable socio-economic development.

That contribution has formed the principal of the Endowment Fund and has been invested separately for the Programme. It is included in the investment amount of $3,063,000 ($12,640,000 in 2003) in schedule 8.

Under the Endowment Fund mechanism and implementation arrangements, the principal amount will not be available for programming until such time as the Government of Japan and/or UNDP agrees to terminate the Endowment Fund. However, interest earned on the Fund will be credited to the Programme and become available for programming.

The Programme has established a sub-trust fund project (PAL/98/J07). Investment income generated from the Endowment Fund serves as the source of funding for activities undertaken through this project. This project is included in schedule 5.1. Throughout the life of the Endowment Fund, a number of Palestinian institutions and their personnel will benefit from training opportunities and support to be provided through the project.

Note 29
Trust Fund for Rwanda

(a) Mandate and goals

The UNDP Trust Fund for Rwanda was created in April 1995 to enhance UNDP programme activities in support of the Government of Rwanda's Programme of National Reconciliation and Socio-economic Rehabilitation and Recovery as presented at the Round Table Conference in Geneva in January 1995. The purpose of this Fund is to provide assistance to interested Governments and organizations in the following areas:

(a) Restoration of the administrative capacity of the State, including non-traditional development expenditures, such as salaries and judiciary expenses;

(b) Recovery of economic activity;

(c) Rehabilitation of social sectors;

(d) Resettlement and reintegration of refugees and displaced persons.

(b) Unliquidated obligations

The amounts shown in schedule 5.2 represent unliquidated obligations of executing agents.

(c) Unexpended resources

The amounts shown in schedule 5.2 consist of the following (in thousands of United States dollars):

	Unexpended resources	
	2005	*2003*
Regular resources	71	166
Sub-trust funds	1 281	803
Total	**1 352**	**969**

Note 30
Perez-Guerrero Trust Fund for Economic and Technical Cooperation among Developing Countries

(a) Mandate and goals

In accordance with the General Assembly's decision at its forty-first session, in 1996, $5 million of the Trust Fund's resources are held in perpetuity. It was also decided that only interest earnings from the Fund's investments would be available for programming.

(b) Investments

The carrying value of investments of $6.6 million is disclosed in schedule 8. The increase of $930,138 in the bond value is detailed below:

Beginning value 1 January 2004	*Purchases*	*Maturities*	*Net amortization*	*Carrying value 31 December 2005*	*Movement increase*	*Market value*	*Par value*
5 658 860	3 862 629	(2 700 000)	(232 491)	6 588 998	930 138	6 490 291	6 440 000

Note 31
United Nations Capital Development Fund

(a) Mandate and goals

The United Nations Capital Development Fund (UNCDF) is a multilateral donor organization under the administration of UNDP. It works to reduce poverty in least developed countries by strengthening local government and community institutions, enhancing the private sector, creating mechanisms for the provision of credit to the poor and swapping capital investments for the environmentally sound use of natural resources.

The General Assembly established UNCDF as an autonomous organization within the United Nations system by its resolution 2186 (XXI) of 13 December 1966. The Assembly further decided, by its resolution 2321 (XXII) of 15 December 1967, that the UNDP Administrator would administer the Fund and serve as its Managing Director while the UNDP Governing Council would act as the Fund's Executive Board.

(b) Cash

The amounts shown in schedule 7 consist of the following (in thousands of United States dollars):

	2005	*2003*
Accumulating non-convertible currencies	480	702
Total	**480**	**702**

(c) Investments

The carrying value of investments of $18.8 million is disclosed in schedule 8. The increase of $6,156,989 in the bond value is detailed below:

Beginning value 1 January 2004	*Purchases*	*Maturities*	*Net amortization*	*Carrying value 31 December 2005*	*Movement increase*	*Market value*	*Par value*
12 692 445	31 013 100	(23 885 000)	(969 181)	18 849 434	6 156 989	18 651 730	18 740 000

(d) Unliquidated obligations

The balance of unliquidated obligations shown in schedule 7 consists of the following (in thousands of United States dollars):

	2005	2004
Executing agents	405	692
Biennial support budget and others	619	413
Total	**1 024**	**1 105**

(e) Operational reserve

At its twenty-sixth session in 1979, the Governing Council approved the establishment of an operational reserve at the level of at least 20 per cent of project commitments and contingent liabilities for guarantees entered into by the Fund in respect of bank loans to Governments (excluding sub-trust fund and cost-sharing arrangements). In line with this decision, the operational reserve originally established in 1979 remained unchanged at $22.6 million as at 31 December 2005, as shown in schedule 7.

Note 32
United Nations Revolving Fund for Natural Resources Exploration

The Revolving Fund was established in 1973 in accordance with General Assembly resolution 3167 (XXVIII) as a trust fund to be administered by UNDP. The Fund's mandate was to extend and intensify the activities of the United Nations system in the field of natural resource exploration in developing countries through the sharing of the risks involved, while providing for mutual assistance and cooperation in this field.

The activities of the Revolving Fund were concluded in 2003. The accounts no longer reflect balances relating to the Fund; hence the comparative data for 2003 have been excluded from the respective statements and schedules.

Note 33
United Nations Fund for Science and Technology

The United Nations Fund for Science and Technology for Development was set up by the Vienna Conference in 1979 to deal more effectively with science and technology matters in a multilateral framework.

Its mission was to accelerate sustainable development by playing a special role within the United Nations system to promote the transfer of technology and to build endogenous capacity. It provided assistance in priority areas such as science and technology policy and capacity-building, technology innovation and entrepreneurship development, information technology and technology information, quality control and maintenance and new and renewable energy.

The activities of the Fund were concluded in 2005. The accounts no longer reflect balances relating to the Fund; hence the comparative data for 2005 have been excluded from the respective statements and schedules.

Note 34
United Nations Development Fund for Women

(a) Mandate and goals

In its resolution 39/125 of 14 December 1984, the General Assembly established the United Nations Development Fund for Women (UNIFEM) to play an innovative and catalytic role in the promotion of women's empowerment and gender equality. More specifically, the Fund's mandate is:

(a) To support innovative and experimental activities benefiting women, in line with national and regional priorities;

(b) To serve as a catalyst, with the goal of ensuring the appropriate involvement of women in mainstream development activities, as often as possible at the pre-investment stage;

(c) To play an innovative and catalytic role in relation to the United Nations overall system of development cooperation.

(b) Investments

The carrying value of investments of $14.5 million is disclosed in schedule 8. The increase of $1,702,691 in the bond value is detailed below:

Amortized value 1 January 2006	Purchases	Maturities	Net amortization	Carrying value 31 December 2006	Increase (decrease)	Market value	Par value
12,605,135	27,797,609	(25,442,000)	[illegible]	14,307,826	1,702,691	14,409,102	14,500,000

(c) Unliquidated obligations

The balance of unliquidated obligations shown in schedule 7 consists of the following (in thousands of United States dollars):

	2006	2005
Executing agents	2 498	5 922
Biennial support budget	247	60
Total	2 745	5 982

(d) Partial funding system and operational reserve

In accordance with a 1995 decision of the Executive Board, UNIFEM has been operating under the full funding system since 1 January 1995. The Executive Board temporarily suspended the requirements of the operational reserve and granted UNIFEM the use of the UNDP overdraft facility during the period 1995-1997 up to a maximum drawdown of $4.5 million to cover its prior commitments. No drawdown from the overdraft facility was made.

At its third regular session, in September 1996, the Executive Board agreed to the re-establishment of the operational reserve at the initial level of $3 million (decision 96/43). On 17 January 1997, the Executive Board approved a modified partial funding modality to determine programme approval levels and the associated operational reserve balance.

Under the partial funding modality, the maximum approved level for programming over a three-year period should be the net of a conservative estimate of income realization for the next three years minus administrative costs for that same period. A very conservative estimate of income to be realized for the first year would be equal to the estimated income for that year, calculated on the basis of the pledging conference results and direct consultation with donors. The estimate for the second year would be equal to 50 per cent of the estimated income of the first year while the estimate for the third year would be equal to 25 per cent of the estimated income of the first year (i.e., 50 per cent of the estimate for the previous year). The administrative costs would be by default equal to three times the current year costs.

The operational reserve would be set at the annual average expenditure over the programming period, that is, one third of the maximum programme approval level times the estimated delivery rate. In accordance with the modified partial funding modality, the operational reserve was $7.7 million as at 31 December 2005.

(e) Unexpended resources

The amounts shown in schedule 7 consist of the following (in thousands of United States dollars):

	Unexpended resources	
	2005	*2004*
Regular resources	12 725	7 665
Cost-sharing	23 660	7 888
Sub-trust funds	3 862	5 974
Total	**40 247**	**21 527**

Contributions receivable of $5,643,000 are shown in note 36.

Note 35
United Nations Volunteers Programme

(a) Mandate and goals

Set up by the General Assembly in 1970, under the general aegis of UNDP, the United Nations Volunteers programme strives:

(a) To directly promote volunteer contributions to development by helping to better define and make known volunteer roles in development; by recruiting and fielding United Nations Volunteers and by stimulating the establishment of local volunteer and youth schemes;

(b) To provide a global facility, under the United Nations system, that allows United Nations Volunteers to serve people through Governments, United Nations agencies, international organizations, community-based organizations and non-governmental organizations by direct placement; by helping to establish networks; and by providing information and channels for contact.

In so doing, the United Nations Volunteers programme demonstrates the following features:

(a) A special kind of contribution, noted for its spirit of solidarity and partnership, to a wide range of technical cooperation activities;

(b) Effective support to humanitarian aid programmes;

(c) Assistance to the United Nations peacemaking and peacebuilding activities;

(d) Targeted support to community-based participatory development, especially among low-income groups in poverty situations;

(e) The ability to mobilize volunteer human resources from all over the world, including from developing countries themselves;

(f) The willingness to adjust its policies and procedures to local conditions and needs;

(g) The advantage of building on the institutional presence and development involvement of UNDP and the United Nations system in virtually all developing countries;

(h) The ability to provide a flexible response, including the use of mixed teams of international and national volunteers;

(i) The proactive promotion of volunteer effort in areas of strategic relevance such as urban development, environmental management and preventive/curative development.

(b) Biennial support budget: core activities

The United Nations Volunteers biennial support budget of $30.5 million ($28.7 million in 2003) is included in the UNDP regular resources biennial budget and is detailed in schedule 3.

(c) Recovery of external costs

At its thirty-ninth session, in 1992, the Governing Council revised the guidelines for the use of the Special Voluntary Fund and the procedures for recovering external costs. It was decided that, except in situations where special financing was available, the external costs of volunteers would be charged fully to project budgets on the basis of a pro forma cost. Any difference between pro forma costs and actual costs would be absorbed by the Special Voluntary Fund.

During the biennium, external costs totalling $2,228,504 ($3,673,865 in 2003) were recovered and credited to the Fund. This amount is shown as part of accounts payable of $5,102,556 (other income of $3,680,973 in 2003) in schedule 6.

(d) Investments

The carrying value of investments of $7.969 million is disclosed in schedule 8. The decrease of $2,259,745 in the bond value is detailed below:

Beginning value 1 January 2004	*Purchases*	*Maturities*	*Net amortization*	*Adjustments*	*Carrying value 31 December 2005*	*Market value*	*Par value*
10 228 867	12 954 508	(14 750 000)	(369 331)	(94 922)	7 969 122	8 020 700	8 000 000

(e) Other accounts receivable and deferred charges

The amount of $9,976,472 ($15,953,448 in 2003) shown in schedule 6 includes the balance of amounts due from the United Nations of $625,033 ($4,599,798 in 2003) for costs and 10 per cent overhead in respect of volunteers attached to agency-executed project activities, $4,853,156 ($4,980,916 in 2003) for costs of insurance and sundry charges in respect of volunteers attached to nationally executed projects and $930,231 ($932,574 in 2003) for volunteers attached to UNDP-managed special arrangements.

(f) Unliquidated obligations

The balance of unliquidated obligations shown in schedule 6 consists of the following (in thousands of United States dollars):

	2005	*2003*
Reimbursable support activities	195	—
Special Voluntary Fund activities	963	651
Sub-trust fund activities	142	—
Total	**1 300**	**651**

(g) Special Voluntary Fund

At its thirty-ninth session, in 1992, the Governing Council decided that the income accruing to the Special Voluntary Fund from voluntary contributions and interest income would be utilized to meet expenditures for pilot and experimental projects, briefing of United Nations Volunteers specialists and the training of domestic development services country specialists and field workers, special recruitment campaigns, and other projects of a similar nature. Prior to this decision, 85 per cent of the income accruing to the Special Voluntary Fund was used to meet external costs of volunteers. Project budgets were charged an assessed amount to cover external costs that were not met by the Special Voluntary Fund.

(h) Unexpended resources

The amounts shown in schedule 6 consist of the following (in thousands of United States dollars):

	Unexpended resources	
	2005	*2003*
Regular resources	21 029	24 011
Cost-sharing	2 709	2 918
Sub-trust funds	18 225	12 433
Fully funded arrangements	12 942	5 963
United Nations joint venture	(7 912)	(3 667)
Total	**46 993**	**41 658**

(i) Contribution receivable

The amount shown in schedule 6 includes the following (in thousands of United States dollars):

	2005
Regular resources	185
Fully funded arrangements	928
United Nations joint venture	6 951
Total	**8 064**

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Note 36
Contributions due for Governments and other contributors for funds and trust funds administered by UNDP as at 31 December 2005

(Thousands of United States dollars)

	Voluntary contributions				*Cost-sharing contributions*				*Contributions to sub-trust funds*			
	2003 and prior years	*2004*	*2005*	*Total*	*2004 and prior years*	*2005*	*Total*	*Total Voluntary and Cost-sharing Contributions*	*2004 and prior years*	*2005*	*Total*	*Total contributions due*
Trust funds												
UNDP/EC Ministerial on Poverty and Environment	47	—	—	47	—	—	—	47	—	—	—	47
EEC Trust Fund for Forest Management to Support Sustainable Livelihoods in Cameroon, Guyana and Malawi	—	217	—	217	—	—	—	217	—	—	—	217
EEC Trust Fund for Support to the Parliamentary and Presidential Elections in Suriname	—	103	—	103	—	—	—	103	—	—	—	103
EEC Trust Fund for Developpement de l'information Miniere de Base	—	390	—	390	—	—	—	390	—	—	—	390
EEC (ECHO) Trust Fund for Strengthening of coping capacities of populations affected by the Maramara Earthquake in Turkey	—	367	—	367	—	—	—	367	—	—	—	367
EEC (ECHO) Trust Fund Agreement for Comprehensive Shelter and Sanitation in the Earthquake affected Areas in Turkey	—	797	—	797	—	—	—	797	—	—	—	797
Sida Trust Fund for Assistance to UNDP Specific Activities	—	—	56 457	56 457	—	—	—	56 457	—	—	—	56 457

	Voluntary contributions				Cost-sharing contributions				Contributions to sub-trust funds			
	2003 and prior years	2004	2005	Total	2004 and prior years	2005	Total	Total Voluntary and Cost-Sharing Contributions	2004 and prior years	2005	Total	Total contributions due
EEC Trust Fund for Support to Observation of the Election Process in Côte d'Ivoire	—	20	—	20	—	—	—	20	—	—	—	20
EEC Trust Fund for Support to Social Infra-structure project — Rehabilitation of 3.5 km Roadway from Port-de Paix to Jean Rabel, Haiti	107	—	—	107	—	—	—	107	—	—	—	107
EEC Trust Fund for the South Caucasus Anti-Drug Programme (SCAD I)	—	—	—	—	—	—	—	—	—	—	—	—
EEC Trust Fund for Mediterranean Urban Waste Management Programme	—	208	—	208	—	—	—	208	—	—	—	208
ECHO Trust Fund for Security Operation for OLS Northern Sector in the Sudan	—	—	—	—	—	—	—	—	—	—	—	—
ECHO/Jamaica Trust Fund for Community Disaster Management Strengthening Programme	—	29	—	29	—	—	—	29	—	—	—	29
EEC Trust Fund for Emergency Mine Action in Mozambique	—	231	—	231	—	—	—	231	—	—	—	231
EEC Trust Fund for China Training Programme on Village Governance	—	142	—	142	—	—	—	142	—	—	—	142
EEC Trust Fund for Temporary Shelter for the Poor and Vulnerable Groups in Gujarat, India	—	16	—	16	—	—	—	16	—	—	—	16
EEC Trust Fund for Support to the Electoral Process in Comoros	—	241	—	241	—	—	—	241	—	—	—	241

	Voluntary contributions				Cost-sharing contributions				Contributions to sub-trust funds			
	2003 and prior years	2004	2005	Total	2004 and prior years	2005	Total	Total Voluntary and Cost-sharing Contributions	2004 and prior years	2005	Total	Total contributions due
ECHO Trust Fund for Rehabilitation of Water Treatment Plant, Water Pumping and Sewage Pumping Stations in Baghdad		69	—	69	—	—	—	69	—	—	—	69
EEC Trust Fund for Support to the Constituent Elections in East Timor	—	237	—	237	—	—	—	237	—	—	—	237
EEC Trust Fund for Local Economic Rehabilitation in the war-affected and other most disadvantaged regions in Croatia	—	277	—	277	—	—	—	277	—	—	—	277
EEC Trust Fund for Rapid Employment Programme in South Serbia	1 420	264	—	1 684	—	—	—	1 684	—	—	—	1 684
EEC Trust Fund pour appui a la rehabilitation de l'institution des Bashingantahe pour la reconciliation a Burundi	—	473	—	473	—	—	—	473	—	—	—	473
EEC Trust Fund for Azerbaijan Landmine Impact Survey	—	311	—	311	—	—	—	311	—	—	—	311
EEC Trust Fund for Somalia Landmine Impact Survey	—	40	—	40	—	—	—	40	—	—	—	40
EEC Trust Fund for Eritrea Landmine Impact Survey	—	331	—	331	—	—	—	331	—	—	—	331
EEC Trust Fund Reinsertion des jeunes deplaces et ex-Combattants et Remassage des Armes Legeres	—	89	—	89	—	—	—	89	—	—	—	89
EEC Trust Fund for Integrated Return Programme for Central Bosnia (Phase IV)	—	266	—	266	—	—	—	266	—	—	—	266

	Voluntary contributions				*Cost-sharing contributions*				*Contributions to sub-trust funds*			
	2003 and prior years	*2004*	*2005*	*Total*	*2004 and prior years*	*2005*	*Total*	*Total Voluntary and Cost-sharing Contributions*	*2004 and prior years*	*2005*	*Total*	*Total contributions due*
ECHO Trust Fund for Emergency Rehabilitation of Rural Water Supply Systems in Khatlon and Sughd Regions of Tajikistan	—	201	—	201	—	—	—	201	—	—	—	201
EEC Trust Fund for Recovery and Employment Afghanistan Programme (REAP)	—	473	—	473	—	—	—	473	—	—	—	473
EEC/CROATIA Trust Fund for Income Generation and SME Support — Quick-Impact Facility (QIF)	—	414	—	414	—	—	—	414	—	—	—	414
EEC Trust Fund for Combating Trafficking in Women in the Republic of Belarus	—	107	—	107	—	—	—	107	—	—	—	107
EEC Trust Fund for Nigeria Election 2003 Support Project	—	1 195	—	1 195	—	—	—	1 195	—	—	—	1 195
EEC Trust Fund for Enhancement of Permanent Environmental Awareness Unit at the Ministry of Environment in Lebanon	—	178	—	178	—	—	—	178	—	—	—	178
ECHO Trust Fund for Humanitarian Rehabilitation of Water and Sanitation Facilities in Baghdad	—	414	—	414	—	—	—	414	—	—	—	414
EEC Trust Fund for Partnership for Governance Reform in Indonesia	—	8 682	—	8 682	—	—	—	8 682	—	—	—	8 682
EEC Trust Fund for "Rehabilitation des pistes rurales suivant la methode a haute intensite de main d'oeuvre en Republique du Congo	—	745	—	745	—	—	—	745	—	—	—	745

	Voluntary contributions				*Cost-sharing contributions*				*Contributions to sub-trust funds*			
	2003 and prior years	*2004*	*2005*	*Total*	*2004 and prior years*	*2005*	*Total*	*Total Voluntary and Cost-sharing Contributions*	*2004 and prior years*	*2005*	*Total*	*Total contributions due*
EEC Trust Fund for Poverty and Environment Initiative — Phase II	—	936	—	936	—	—	—	936	—	—	—	936
EEC Trust Fund for Afghanistan Landmine Impact Survey	—	260	—	260	—	—	—	260	—	—	—	260
EEC/Cyprus Partnership for the Future-Rehabilitation of Old Nicosia, Phase 3	—	533	—	533	—	—	—	533	—	—	—	533
EEC/Laos Trust Fund for Service Delivery and Resettlement Options for Development Planning	—	207	—	207	—	—	—	207	—	—	—	207
EEC Trust Fund for Support to Capacity Building for Information Management in Afghanistan	—	237	—	237	—	—	—	237	—	—	—	237
EEC Project I Caspian Center for Water Level Fluctuations and Project II Caspian Environment Programme	—	16	—	16	—	—	—	16	—	—	—	16
EEC/EDF Somalia Proposed Feasibility Study on Financial Services	—	117	—	117	—	—	—	117	—	—	—	117
EEC TF for Enhancing Good Governance through Support to SACB Secretariat	—	223	—	223	—	—	—	223	—	—	—	223
EEC Trust Fund for Support to RRU Relief Information and Verification Activities in Zimbabwe	—	66	—	66	—	—	—	66	—	—	—	66
EEC Trust Fund for the Return of Refugees and DPs through an increased involvement of domestic authorities in Bosnia	—	549	—	549	—	—	—	549	—	—	—	549

	Voluntary contributions				*Cost-sharing contributions*				*Contributions to sub-trust funds*			
	2003 and prior years	*2004*	*2005*	*Total*	*2004 and prior years*	*2005*	*Total*	*Total Voluntary and Cost-sharing Contributions*	*2004 and prior years*	*2005*	*Total*	*Total contributions due*
EEC Trust Fund Stability Pact/UNDP Regional Clearing House on Small Arms and Light Weapons (SALW) — Southeastern Europe	—	16	—	16	—	—	—	16	—	—	—	16
EEC Trust Fund for Drug Control Multisectoral Assistance and Institutional Building in Ukraine, Moldova and Belarus (BUMAD I)	—	237	—	237	—	—	—	237	—	—	—	237
EEC/Lebanon LIFE Third Countries — Technical Assistance to reinforce Governance in Environmental Tasks	—	144	—	144	—	—	—	144	—	—	—	144
EEC/Djibouti pour la Reinsertion des deplaces et endommages dans les zones affectees par le conflit	—	791	—	791	—	—	—	791	—	—	—	791
EEC/Ethiopia Trust Fund for Sustained Good Governance through Capacity building of National Parliament	—	277	—	277	—	—	—	277	—	—	—	277
EEC Trust Fund for Support to an Expanded National Mine Action Coordination Capacity in Angola	—	805	—	805	—	—	—	805	—	—	—	805
EEC Trust Fund for Ethiopia Landmine Impact Survey	—	237	—	237	—	—	—	237	—	—	—	237
EEC Trust Fund for Support to Disarmament, Demobilization and Reintegration Action in the Pool Region, Congo-Brazzaville	—	173	—	173	—	—	—	173	—	—	—	173
EEC Trust Fund for Support to Nigeria Election Observation Mission	—	114	—	114	—	—	—	114	—	—	—	114

	Voluntary contributions				*Cost-sharing contributions*				*Contributions to sub-trust funds*			
	2003 and prior years	*2004*	*2005*	*Total*	*2004 and prior years*	*2005*	*Total*	*Total Voluntary and Cost-sharing Contributions*	*2004 and prior years*	*2005*	*Total*	*Total contributions due*
EEC Trust Fund for Border Management Programme for Central Asia (BOMCA) — Programme Development Mission	—	41	—	41	—	—	—	41	—	—	—	41
EEC Trust Fund for Mine Action Capacity Building and Landmine Impact Survey in Somalia	—	254	—	254	—	—	—	254	—	—	—	254
EEC Trust Fund to Support the Legal Advisory Unit in the Office of the UN Resident Coordinator in Zimbabwe	—	32	—	32	—	—	—	32	—	—	—	32
ECHO Trust Fund for Enhanced UN Security Operations in Support of Humanitarian Aid Efforts in Sudan	—	186	—	186	—	—	—	186	—	—	—	186
EEC/Afghanistan Trust Fund for Establishment of the National Livelihood based Food Security and Nutritional Surveillance System	—	46	—	46	—	—	—	46	—	—	—	46
EEC Trust Fund for Border Management Programme for Central Asia (BOMCA) — First Phase, Management Training	—	157	—	157	—	—	—	157	—	—	—	157
EEC Trust Fund for rehabilitation of Hammams in Selected Cities of Afghanistan through Recovery and Employment Programme (REAP)	—	71	—	71	—	—	—	71	—	—	—	71

	Voluntary contributions				*Cost-sharing contributions*				*Contributions to sub-trust funds*			
	2003 and prior years	*2004*	*2005*	*Total*	*2004 and prior years*	*2005*	*Total*	*Total Voluntary and Cost-sharing Contributions*	*2004 and prior years*	*2005*	*Total*	*Total contributions due*
EEC Trust Fund for Albania Mine Action Programme (AMAP) Technical Survey Project	—	82	—	82	—	—	—	82	—	—	—	82
EEC Trust Fund for Radar Early Warning in the Caribbean	—	106	—	106	—	—	—	106	—	—	—	106
EEC Trust Fund to Support the Municipal Improvement and Revival Programme (MIR) for Serbia & Montenegro	—	1 281	—	1 281	—	—	—	1 281	—	—	—	1 281
EEC Trust Fund to Support Poverty Reduction and Strategy Papers (PRSP) — Serbia & Montenegro	—	118	—	118	—	—	—	118	—	—	—	118
EEC Trust Fund for Support to Coordination and Management Planning Through the Office of the UN Resident Coordinator/Humanitarian Coordinator in the Sudan	—	37	—	37	—	—	—	37	—	—	—	37
EEC Trust Fund for Water and Sanitation Observatory of Guatemala	—	1 631	—	1 631	—	—	—	1 631	—	—	—	1 631
EEC Trust Fund for Support to Development Posts for the Government of East Timor	—	592	—	592	—	—	—	592	—	—	—	592
EEC Trust Fund for the Prevention of the Diversion of Chemical Precursors for the Scope of Drug Manufacturing in the Andean Regions	751	189	—	940	—	—	—	940	—	—	—	940
EEC Trust Fund for Support to results-based approach Partnership for Local Development (SUTRA-PLOD)	—	—	2 389	2 389	—	—	—	2 389	—	—	—	2 389

	Voluntary contributions				*Cost-sharing contributions*				*Contributions to sub-trust funds*			
	2003 and prior years	*2004*	*2005*	*Total*	*2004 and prior years*	*2005*	*Total*	*Total Voluntary and Cost-sharing Contributions*	*2004 and prior years*	*2005*	*Total*	*Total contributions due*
EEC Trust Fund for the Promotion of Good Governance in Iran	—	—	345	345	—	—	—	345	—	—	—	345
EEC Trust Fund for Humanitarian Demining in Chile	—	—	822	822	—	—	—	822	—	—	—	822
EEC Trust Fund for Electoral Support Project for the Supreme Commission for Elections and Reference (SCER) of Yemen	—	—	517	517	—	—	—	517	—	—	—	517
EEC Trust Fund for Support to Elections in Côte d'Ivoire	—	—	261	261	—	—	—	261	—	—	—	261
EEC Trust Fund for Support to the Khmer Rouge Tribunal (KRT) — Cambodia	—	—	243	243	—	—	—	243	—	—	—	243
EEC Trust Fund for Access to Justice at the District Level (AJDL) in Afghanistan	—	—	2 688	2 688	—	—	—	2 688	—	—	—	2 688
EEC Trust Fund for Mobilising Palestinian Civil Society during Elections, via UNDP/PAPP	—	—	249	249	—	—	—	249	—	—	—	249
EEC Trust Fund for Systematization and dissemination of best practices on disaster preparedness and local level risk management in the Andean Region	—	—	65	65	—	—	—	65	—	—	—	65
EEC Trust Fund for Landmine Impact Survey and Mine Action Capacity Development in Iraq	—	—	473	473	—	—	—	473	—	—	—	473
EEC Trust Fund for Reconstruction of Iraq	—	—	710	710	—	—	—	710	—	—	—	710
Total of trust funds	**2 325**	**28 288**	**65 219**	**95 832**	—	—	—	**95 832**	—	—	—	**95 832**

	Voluntary contributions				*Cost-sharing contributions*				*Contributions to sub-trust funds*			
	2003 and prior years	*2004*	*2005*	*Total*	*2004 and prior years*	*2005*	*Total*	*Total Voluntary and Cost-sharing Contributions*	*2004 and prior years*	*2005*	*Total*	*Total contributions due*
Funds												
United Nations Capital Development Fund	—	—	—	—	—	—	—	—	—	—	—	—
United Nations Development Fund for Women	—	—	940	940	—	4 604	4 604	5 544	—	99	99	5 643
Total of Funds	—	—	**940**	**940**	—	**4 604**	**4 604**	**5 544**	—	**99**	**99**	**5 643**
Reimbursable Support Services												
United Nations Volunteers Programme	—		8 064	8 064				8 064				8 064
Total of Reimbursable Support Services	—	—	9 944	9 944	—	9 208	9 208	19 152	—	198	198	19 350
Grand Total	**2 325**	**28 288**	**76 103**	**106 716**	—	**13 812**	**13 812**	**120 528**	—	**297**	**297**	**120 825**